EXPERIENCE & LOYALTY INSIGHTS:

A Research-Based Review

Retail & eCommerce

Published August 2023

Execs In The Know

In partnership with: CONDUENT

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INTRODUCTION

This extensive research report, titled *Experience & Loyalty Insights: A Research-Based Review – Retail & eCommerce*, provides readers with a focused, in-depth view of the state of the customer experience (CX) within the Retail/eCommerce vertical. It does so through both consumer and corporate surveying, emphasizing a number of critical areas, including loyalty, the current experience, State of the Business, and CX technology.

Alongside new Retail/eCommerce-specific surveying, this research includes the unique twist of cross-industry context by including comparisons between Retail/eCommerce-centric data with results from past CX research. Specifically, this report draws on results from two distinct CX research reports. The first is Execs In The Know's *CX Leaders Trends & Insights* research series (published biannually since 2021). The second is *The 2022 State of the Consumer Experience Report: The Brand Perspective*, an insightful CX research report from Conduent, project partner on this current research project.

Through these contextual comparisons, several gaps have been revealed between the Retail/eCommerce sector and other industries. In some cases, Retail/eCommerce brands lead the way. In particular, the Retail/eCommerce industry leads when it comes to offering greater channel/solution diversity, addressing economic uncertainties through action, and tech stack satisfaction. In other areas, Retail/eCommerce brands are chasing cross-industry leaders. These areas include the maturation of using customer data to improve the customer experience, business growth, and the use of CX to drive customer loyalty.

Key findings from this volume of research include:

- Among both "Loyalist" and "Non-Loyalist" consumers, "Provide Consistent, High-Quality Experiences at Every Touch Point" was the top answer when asked what Retail/eCommerce brands need to do to create an exceptional customer experience (page 16)
- On a five-point scale, 42% of consumers said Retail/eCommerce brands are providing "Better" or "Much Better" customer care compared to that of three years ago (pre-pandemic) (page 23)
- "Managing Cost, Including Rising Operational Costs" is expected to be the biggest CX challenge among most (56%) Retail/eCommerce brands in the coming 12 months (page 40)
- Sixty-nine percent of Retail/eCommerce brands have seen improvement in their critical program KPIs over the past 12 months (page 46)

AUTHOR'S NOTE

A unique undertaking in CX research, *Experience & Loyalty Insights: A Research-Based Review — Retail & eCommerce* takes a fresh approach by incorporating both consumer and corporate surveying results while at the same time adding cross-industry context by drawing upon past CX research from both Execs In The Know and project partner, Conduent. The result is a novel view of the current state of CX from multiple angles and perspectives, all while paying special attention to the Retail/eCommerce industry. We hope you enjoy what you discover!

This research was only made possible through the generous contribution of corporate survey participants. Thank you to the 54 Retail/eCommerce-based CX leaders who contributed their time and knowledge by taking part in corporate surveying. The responses provided by these exceptional leaders helped fuel a variety of powerful research conclusions, and we know their contributions will be much appreciated by the readership of this research.

Special thanks to the five individuals who took their participation one step further by providing a Practitioner's Perspective. Contributors include Mike Jones (The Home Depot), Ebrahim Hyder (Michael Kors), Daniel McFadden (PAR), Todd Montgomery (BODi), and John McCahan (FTD). Your thoughts and insights are invaluable!

Finally, a massive thank you to project parter and research collaborator, Conduent. The team at Conduent brought not only an abundance of smart thinking to the entire development process, but was also instrumental in setting the vision for this project. Be sure to check out Conduent's special commentary (page 5) in which Ryan Collins, Conduent's Vice President and General Manager of Customer Experience Management, shares his thoughts on these research results, and provides a solid game plan for creating exceptional customer experiences.

Here's to learning together!

The Execs In The Know Research Team

PARTNER COMMENTARY

PARTNER COMMENTARY

CONDUENT

CX TO CREATE LOYAL CUSTOMERS IN A CAUTIOUS MARKET

INTRODUCTION

Recent economic, geopolitical, and social events have created volatility for CX leaders and one of the most profound shifts in business-consumer relationships in modern history.

The global pandemic, the emergence of AI, and large-scale changes in both consumer habits and labor dynamics are driving CX leaders, brands, and their customers into uncharted territory while forcing new models of technology-driven, human-centric engagement.

Today more than ever, CX leaders in Retail and eCommerce face challenges that require both adaptation and innovation. Building meaningful relationships, integrating AI, developing staff, optimizing processes, and aligning cultures and brands are paramount. More than 60% of consumers now call for brands to create exceptional experiences through consistent, high-quality touchpoints.

As you'll discover in this survey, those who successfully emerge from this disruption will be those with a strong commitment to their Loyalist customers, as well as a strategic path to converting the Non-Loyalists. But the roadmap to serving these two unique segments is clouded by new technologies and outdated assumptions.

This report provides consumer insights and strategies to help CX leaders navigate the ever-changing landscape effectively, including assessing Loyalist and Non-Loyalist consumers, reporting how needs have changed, and showing where brands can invest to heighten customer experience. We also highlight several brands that have demonstrated exceptional CX outcomes while distinguishing themselves from the competition.

PARTNER COMMENTARY, CONT.

UNDERSTANDING TODAY'S CX MARKET ENVIRONMENT

Retail/eCommerce brands are proactively addressing uncertain economic conditions as much or perhaps more so than other industries. In our survey, 74% of CX leaders across all industries report taking at least modest actions. Similarly, more than 70% of CX leaders report that support technology, including AI and agent tools, will receive the most investment and attention over the next year, while about a third will focus on employee experiences, including engagement and wellbeing.

Our 2022 State of Consumer Experience Report provides additional, in-depth insights into brand-consumer dynamics and trends. Customers, for example, are embracing omnichannel interactions, which when designed and implemented effectively, increase consumer happiness. Trust in omnichannel has rocketed – from 49% pre-pandemic to nearly 80% in 2023. Nearly three-quarters of consumers report that their brand interactions were successful because the brand's agent was helpful, further highlighting the importance of a "human touch." Perhaps now more than ever, your consumers seek to be heard, understood, and helped in genuine, authentic ways.

CUSTOMER EXPECTATIONS ARE AT ALL-TIME HIGHS

Meeting demand for value, quality, and convenience requires balancing costs with customer satisfaction. More than half of all Loyalist and Non-Loyalist customers report that Retail and eCommerce brands should prioritize Customer Care as their primary focus, nearly three times more than those who called for prioritizing Shopping Experience or the Purchase Experience.

Human-centric, omnichannel experiences remain vital; more than 60% percent of consumers report that providing a consistent, high-quality experience at every touchpoint defines a truly exceptional experience.

ARTIFICIAL INTELLIGENCE CAN REVOLUTIONIZE CX

By providing valuable insights and streamlining processes, AI can provide powerful hyper-personalization. But this exciting technology is raising questions about how to best harness its potential to improve service quality. While chatbots and virtual assistants can heighten customer support by identifying patterns and enabling proactive responses, there is a critical need to provide quick and effective offramps to live support.

PARTNER COMMENTARY, CONT.

INFLATIONARY PRESSURES ARE MOUNTING

Disruption to wages, supply chains, and emerging technology requires CX leaders to prioritize investment in their operations. With resources for new initiatives becoming increasingly scarce, the question of where to direct improvement efforts remains a critical consideration. Brands face increasing expenses and limited resources for providing personalized, omnichannel customer experiences, hampering investments in technology, employee training, and research.

OUTSOURCING IS MORE NECESSARY THAN EVER

Many brands find it difficult to handle all CX operations internally. As a result, outsourcing CX processes to specialized service providers is increasingly attractive. Effective outsourcing can enhance operational efficiency, enabling organizations to concentrate on core competencies. There remains a growing opportunity for brands to scale accordingly to accommodate seasonal demands, including cross-training agents to create cost-efficiency and flexibility.

STAFFING AND TRAINING ARE VITAL TO CX PERFORMANCE

Effective customer experience management requires a skilled workforce. CX leaders must continue to invest in recruiting and retaining talented individuals who align with the brand's values and customer-centric vision. Training programs should equip employees with the necessary tools and knowledge to deliver exceptional service. Streamlining processes and implementing efficient workflows ensures smooth interactions and reduces customer friction. Fostering a strong cultural alignment with the brand's values instills a sense of purpose in employees, resulting in a more genuine and cohesive customer experience. Critical components of this process include proper onboarding through knowledge bases, cross-training, performance/workforce management, and considerations for seasonal peaks and valleys.

PARTNER COMMENTARY, CONT.

SUMMARY

We hope the insights that follow provide you and your organization with a path to delivering exceptional CX interactions for your consumers. Navigating CX management remains a complex endeavor that requires adaptability, foresight, people, and technology. Rising costs, the impact of AI, growing demand for omnichannel experiences, and the need to outsource are just a few of the challenges that demand strategic planning and innovative solutions. By focusing on consumer loyalty, providing meaningful relationships, and aligning staffing, training, and processes with the brand's cultural identity, customer experience leaders can elevate their businesses to new heights of success.

RYAN COLLINS
Vice President and General Manager
Customer Experience Management Solutions

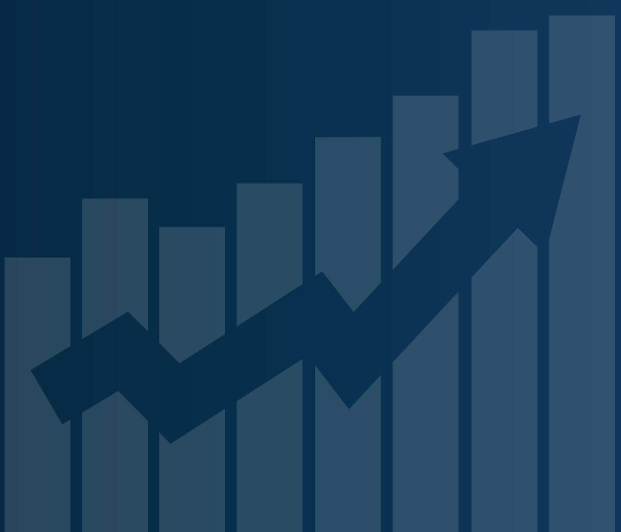
CONDUENT

As the **Vice President and General Manager** of ***Conduent's Customer Experience Management Solutions,*** Ryan Collins is responsible for more than 30,000 customer experience professionals who deliver best-in-class service to millions of customers on behalf of our clients. Supporting numerous Fortune 100 companies, Ryan works strategically with our clients to break the traditional industry trends in customer experience management solutions and service operations creating brand ambassadors focused on delivering optimal interactions and critical outcomes.

With nearly two decades delivering operational excellence in the areas of innovation, leadership and employee engagement, Ryan is a strong believer in the power of workplace culture and established practices to change the conversation from KPIs to people, employee experience and work life balance.

Ryan earned his Bachelor of Applied Science degree from Eastern College. He resides in Massachusetts with his family.

Survey RESULTS

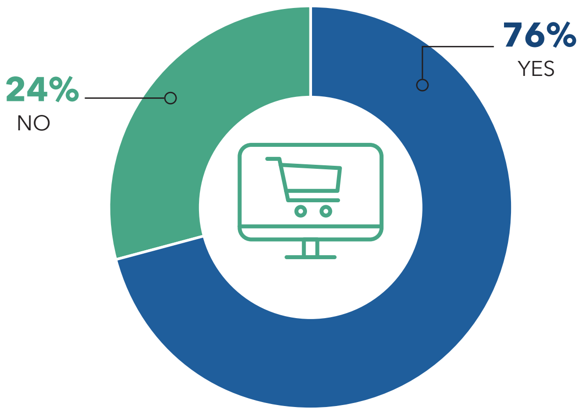


THE CONSUMER VIEWPOINT

"LOYALIST" VS. "NON-LOYALIST" CONSUMERS

"LOYALIST" VS. "NON-LOYALIST" CONSUMERS

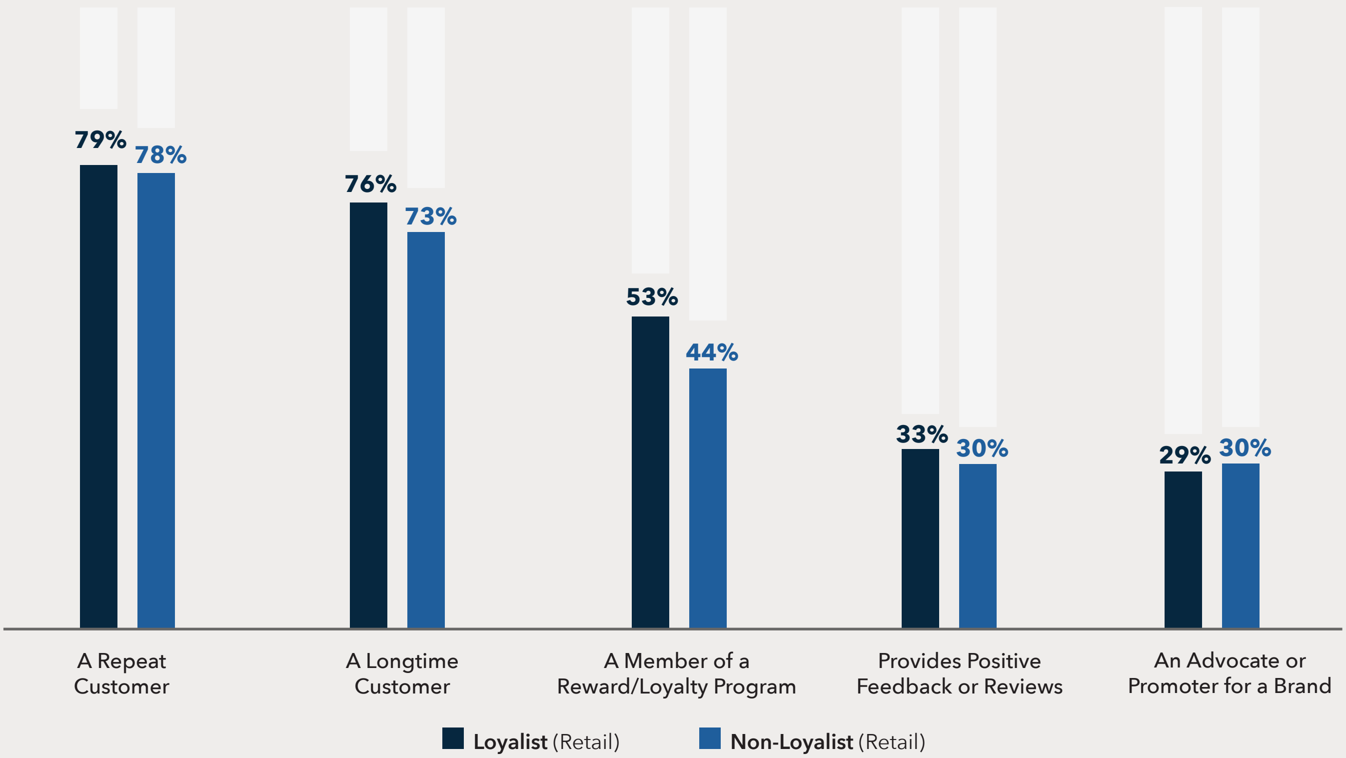
Do you have a favorite Retail and/or eCommerce brand?



In a series of three screening surveys, we asked nearly 1,900 consumers if they had a favorite Retail and/or eCommerce brand. Most (76%) did. We then segmented these individuals into "Loyalist" and "Non-Loyalist" groups, taking them through a series of additional questions, all in the hopes of understanding the subtle differences between these two unique sets of consumers. We also compared these two groups to consumer surveying results from Execs In The Know's 2022 CX Leaders Trends & Insights research, further pinpointing the similarities and differences between consumers loyal and not loyal to retail brands, as well as comparing them to all consumers.

Between Loyalist and Non-Loyalist consumers, there is a strong consensus on what defines a "Loyal Customer." One area of significant difference centers around Reward/Loyalty Programs, where a much smaller percentage of Non-Loyalists view membership in such programs as an act of loyalty. Perhaps Loyalty/Reward programs have become too homogenized in the minds of some consumers. Brands might consider discussing which features and benefits are unique to their reward programs, making such programs more meaningful and valuable to consumers, especially those less loyal. Check out page 51 for details on how these results compare with results from retail-based CX leaders.

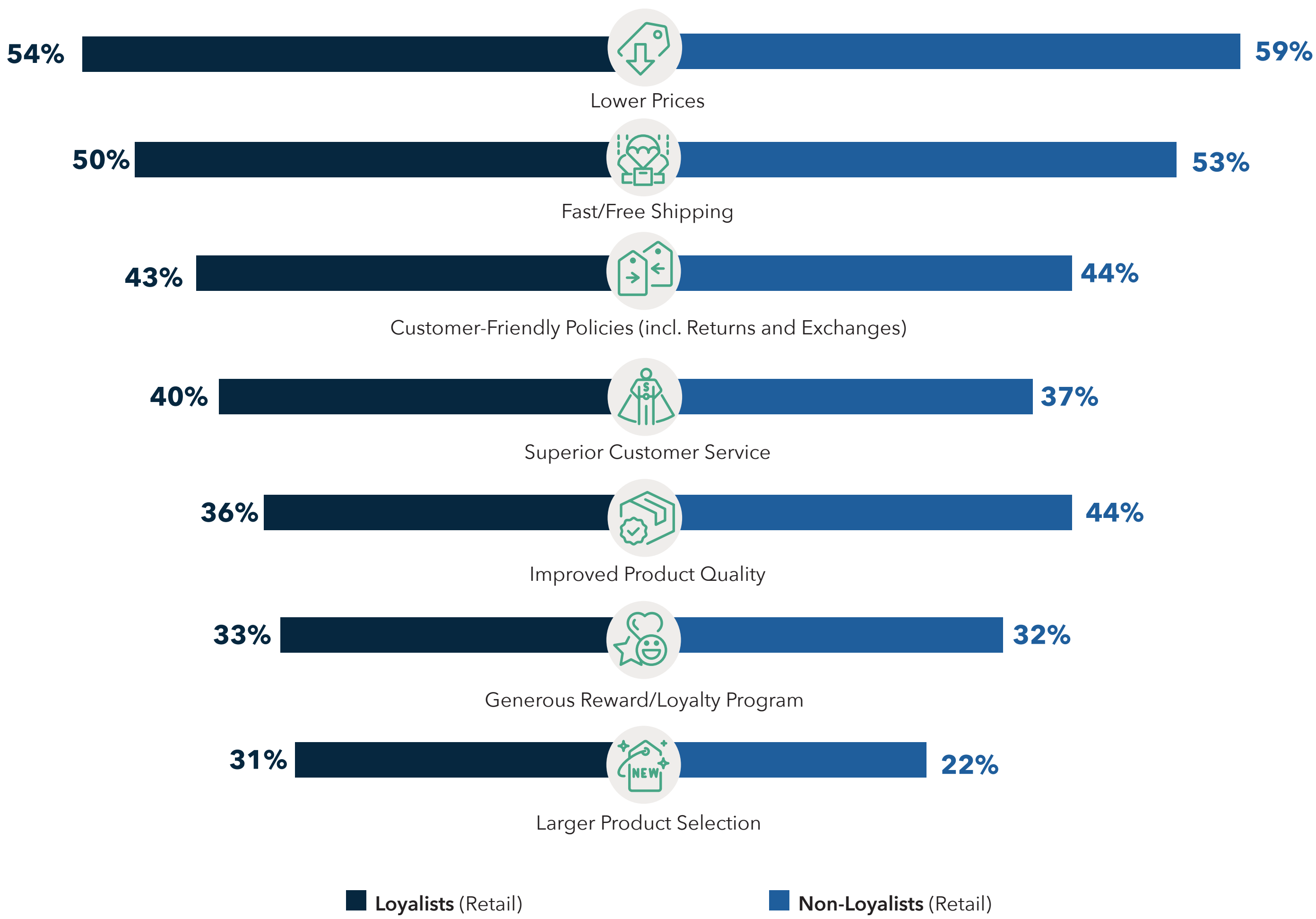
How do you define a "Loyal Customer"? (Select all that apply.)



"LOYALIST" VS. "NON-LOYALIST" CONSUMERS

As indicated by the total percentage of all selected characteristics, both "Loyalist" and "Non-Loyalist" consumers have broad expectations for Retail/eCommerce brands. Survey respondents were asked to select no more than three "most influential" characteristics in cultivating loyalty, and almost all did. This is evidenced by response totals of 287% for "Loyalists" and 291% for "Non-Loyalists." In almost all cases, both groups ranked each characteristic the same, with the exception of "Improved Product Quality," which "Non-Loyalist" respondents value much more, and "Larger Product Selection," which "Loyalists" value more. It's difficult to overlook the financial implications of the responses received, with "Lower Prices" and "Fast/Free Shipping" ranking #1 and #2 for both cohorts, but factors aimed at CX are not far behind, with "Customer-Friendly Policies" ranking #3, and "Superior Customer Care" ranking #4 among "Loyalists." This should be an indication to Retail/eCommerce brands that, while price still matters beyond all else, CX comes very close in terms of building long-term loyalty.

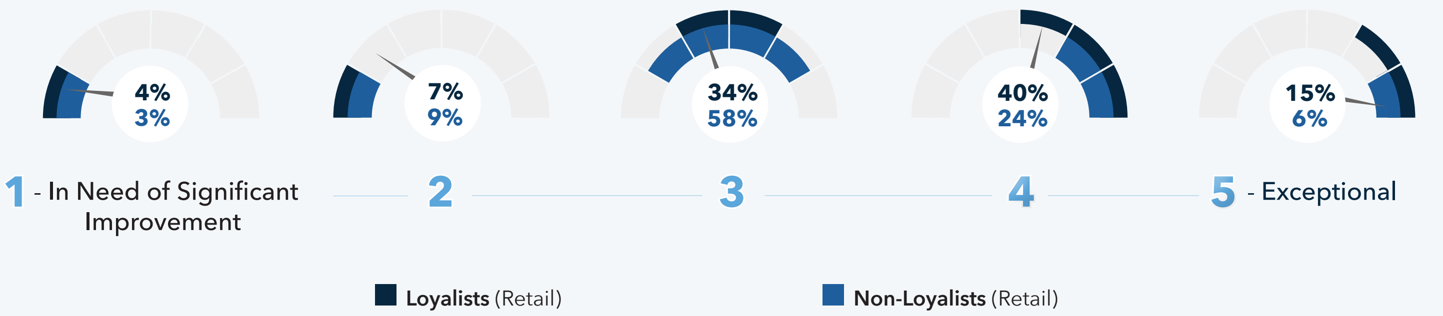
Which characteristics are most influential in cultivating your loyalty for a Retail/eCommerce brand? (Please select no more than three items.)



"LOYALIST" VS. "NON-LOYALIST" CONSUMERS

Loyalist and Non-Loyalist consumers perceive the overall customer experience quite differently. While 55% of Loyalist consumers have a favorable opinion of their experiences with Retail/eCommerce companies, only 30% of Non-Loyalist consumers feel the same. Brands should seek to understand why this might be the case. Are customers who are identified as "loyal" treated to a better experience? For customers who are not identified as loyal, is there a path to reward program onboarding, as well as other value-added engagements? Among the 666 consumers who responded to this question, the average was 3.4 — only slightly less than the 3.7 average provided by CX leaders when they were asked to rate the customer experience provided by their brands (page 45).

On a five-point scale, how would you rate the overall customer experience (CX) provided by Retail/eCommerce companies?



Consumers who define themselves as "Loyal" have radically different experiences than those who don't. How is your company turning casual customers into loyal customers?

"At The Home Depot, we're not only in the business of selling home improvement products, we're also in the business of building relationships. We're focused on creating a best-in-class seamless interconnected shopping experience for all of our customers so they can finish their home improvement projects quickly and affordably.

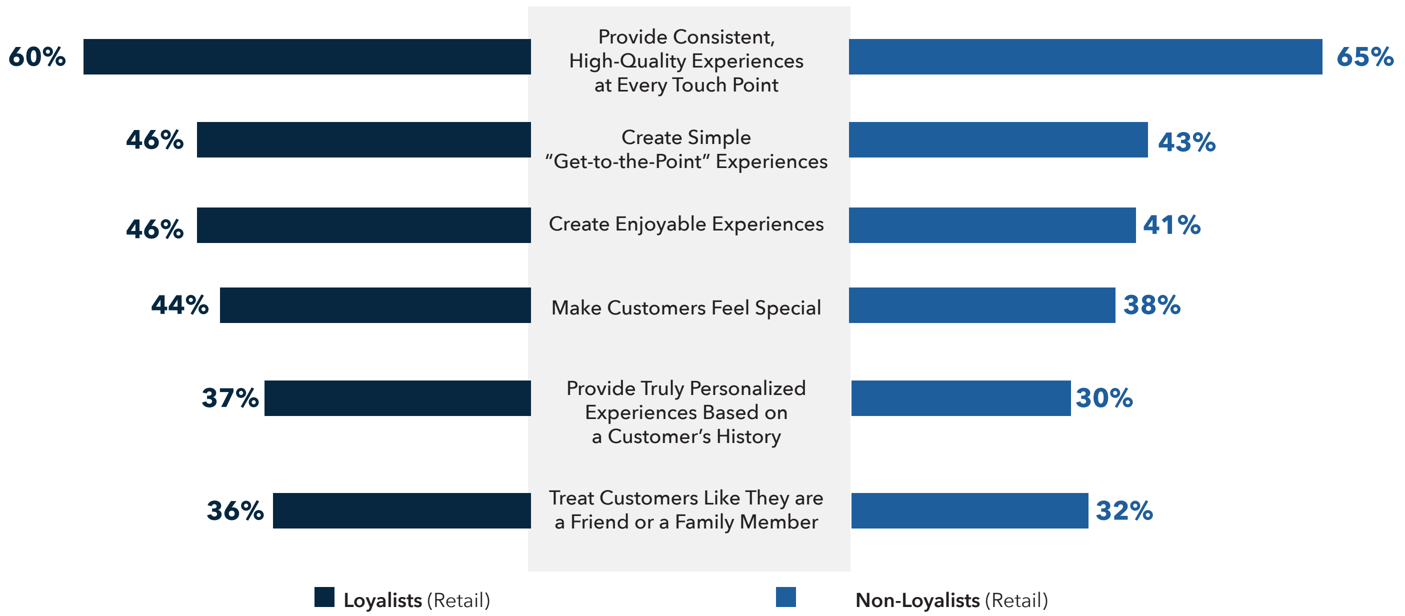
Today, more than 60 percent of our sales are to customers who shop with us in multiple channels. Our customers are combining physical and digital interactions throughout their journeys, and their needs differ by product and project. To give them greater flexibility and influence over their experience, we're investing in personalized solutions and digitized self-service capabilities designed to remove friction from the most critical customer pain points. Whether that's personalized product search recommendations or our best-in-class Pro loyalty program, we're focused on driving affinity with all customers."

Mike Jones
Senior Director, Customer Care & Operations

"LOYALIST" VS. "NON-LOYALIST" CONSUMERS

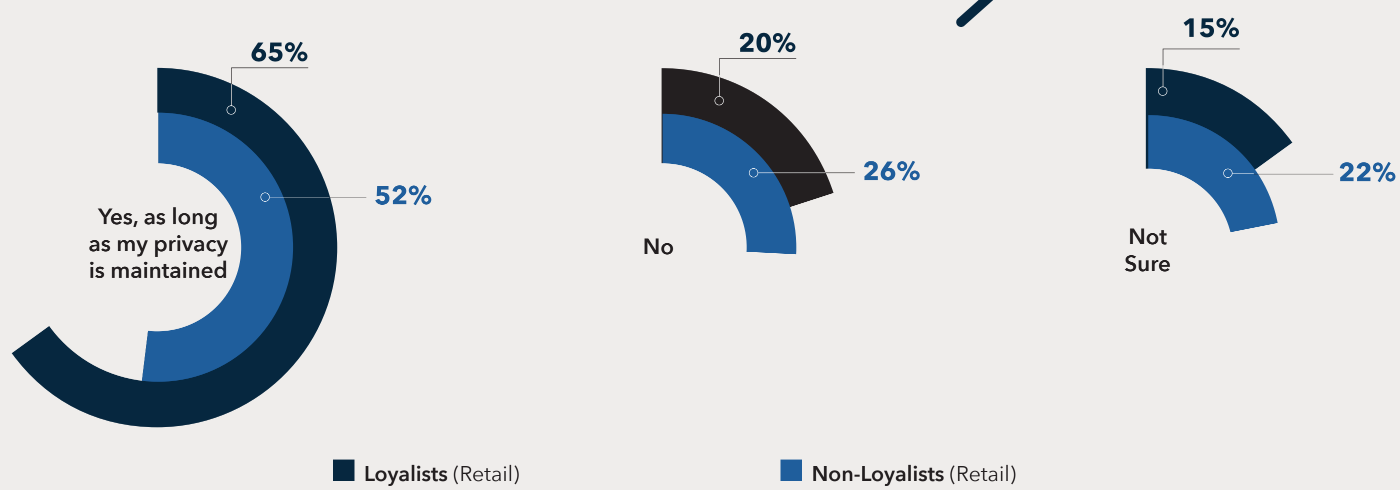
Loyalist and Non-Loyalist consumers are mostly aligned on how brands can create exceptional customer experiences. The areas of notable difference came on related items … "Make Customers Feel Special" and "Provide Truly Personalized Experiences … " Personalization is all about creating unique, special experiences. While Loyalists seem to value this aspect of individualism when it comes to care, Non-Loyalists place more value on consistency and high-quality experiences, regardless of touch point. Brands should consider this difference as they strive to convert casual customers into loyal customers.

What do you think Retail/eCommerce brands need to do to create an exceptional customer experience? (Please select no more than three items.)



"Loyalist" consumers are more open to elevating their interactions with brands by accepting the use of their demographical data to create a more personalized customer care experience, assuming one's privacy is maintained. Not only is there more acceptance among "Loyalist" consumers, there is less uncertainty about utilizing demographical data to create personalized experiences. And even though "Non-Loyalist" consumers are more resistant to the idea, a majority are still accepting, providing Retail/eCommerce brands with insight into the overall population's opinion about personalized customer care experiences.

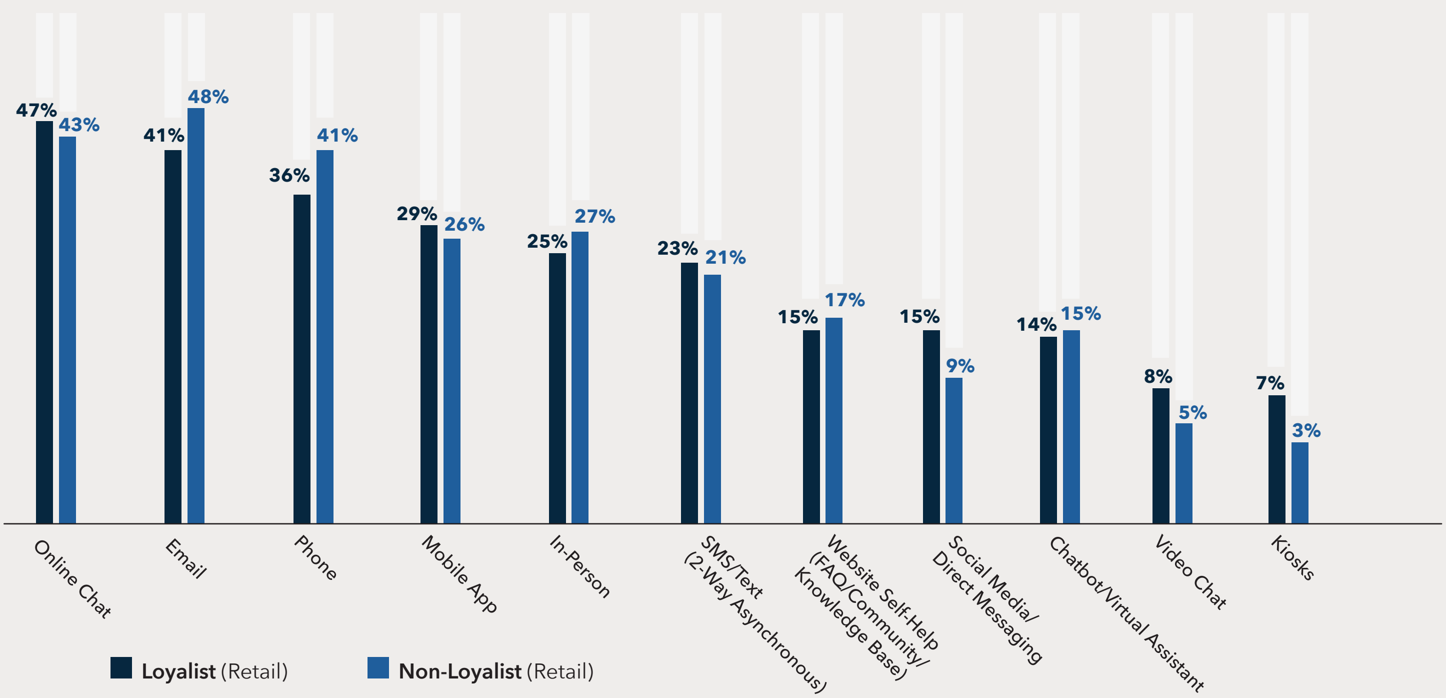
Are you okay with Retail/eCommerce companies using your demographics (including age and location) to personalize your customer care experience?



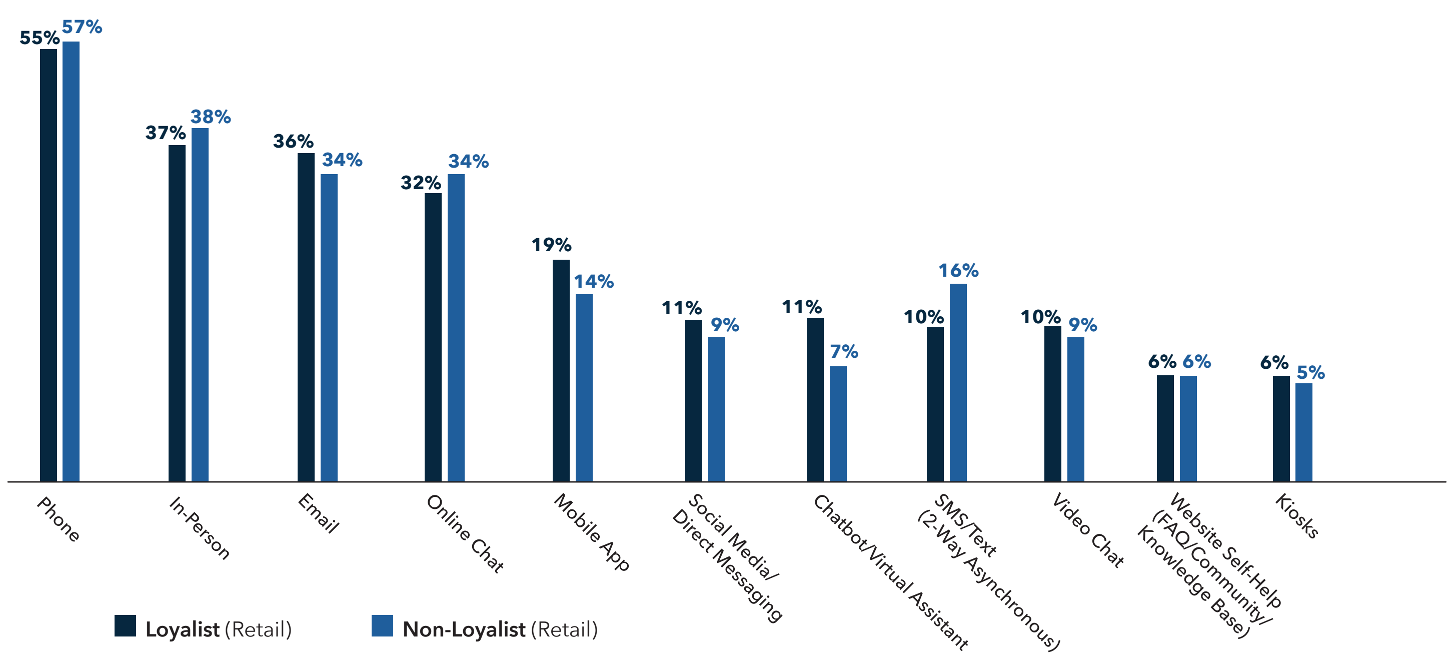
"LOYALIST" VS. "NON-LOYALIST" CONSUMERS

In resolving a customer care issue, both Loyalist and Non-Loyalist consumers are attracted to the same top channels of care: Online Chat, Email, and Phone for "Simple" customer care issues, and Phone, In-Person, Email, and Online Chat for "Complex" customer care issues. Loyalist customers appear to be more receptive of digital channels in all cases except for SMS/Text for "Complex" issues, where Non-Loyalists have a decidedly stronger preference. These results encourage investment in digital channels. That said, it should still be understood that traditional channels (Phone, Email, and In-Person) are strongly preferred by all types of customers.

Which of the following solutions are your preferred methods of contact if you have a SIMPLE customer care issue? (Please select no more than three items.)



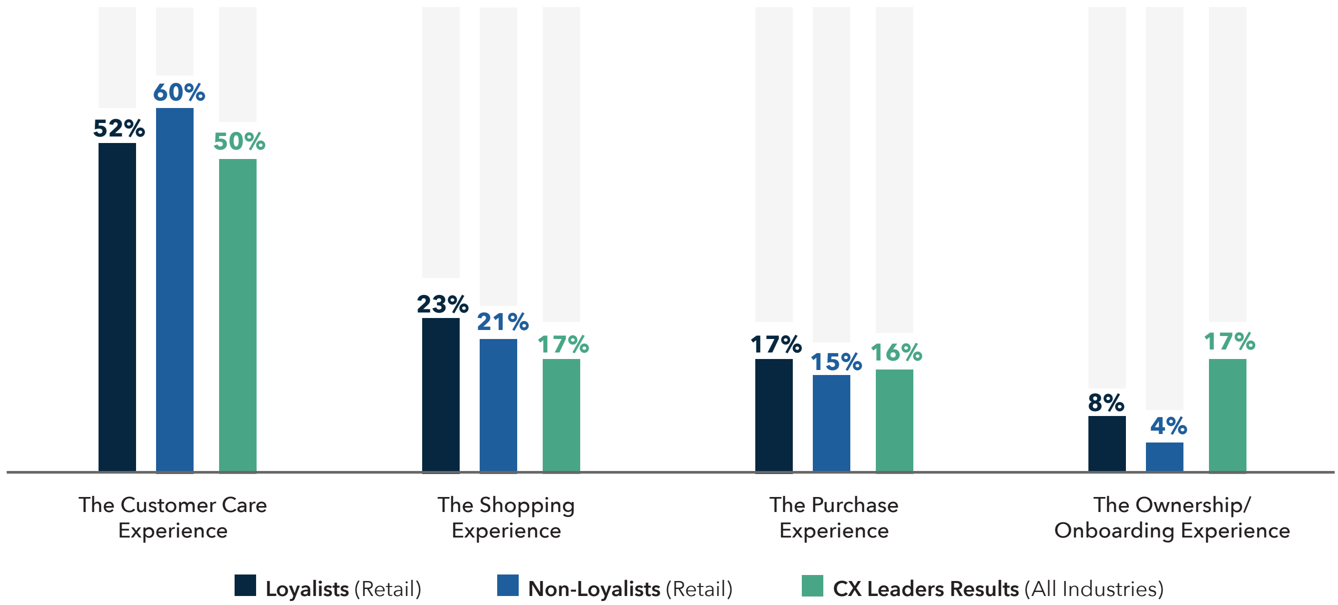
Which of the following solutions are your preferred methods of contact if you have a COMPLEX customer care issue? (Please select no more than three items.)



"LOYALIST" VS. "NON-LOYALIST" CONSUMERS

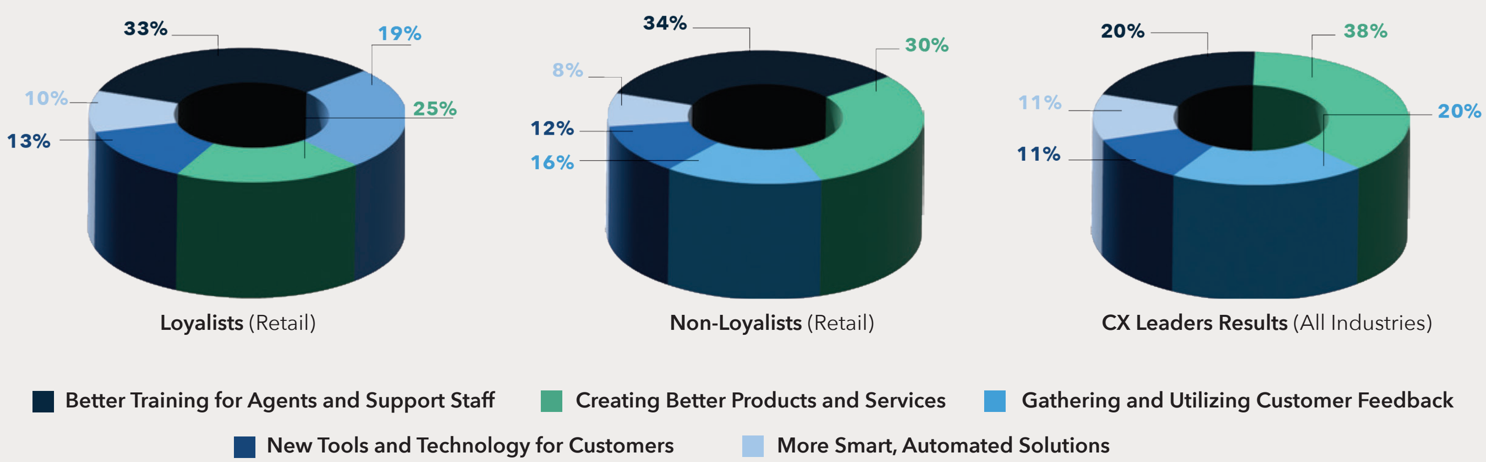
Consumers among all groups report "The Customer Care Experience" is the most worthwhile area for Retail and eCommerce companies to focus their improvement efforts, and Retail/eCommerce customers are typically more convinced of this than consumers across all industries, regardless of whether or not they consider themselves brand loyal.

Where do you think retail and eCommerce brands should focus their improvement efforts?



Whether Loyalists or Non-Loyalists, customers of Retail/eCommerce brands differ in one specific way from general consumers in where they think brands should invest. Although CX Leaders research wasn't specifically aimed at Retail/eCommerce brands (it was aimed at all industries), "Creating Better Products and Services" was by far the number one answer. Among Retail/eCommerce brands, "Better Training For Agents and Support Staff" was top of mind, and by a wide margin. In fact, several results show how much Retail/eCommerce consumers value access to live agents (pages 29 and 30). Retail/eCommerce brands seem to be one step ahead here, already prioritizing agent training over other initiatives, while all industry results (State of CX) show companies in general prioritizing new products and services to meet changing customer needs.

In your opinion, where should Retail/eCommerce brands be investing to most effectively improve the customer care experience?

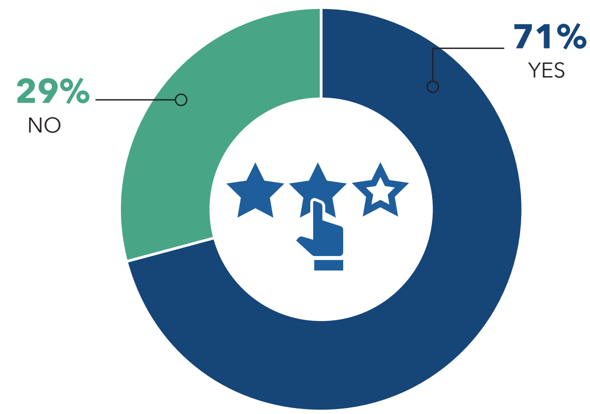


THE CURRENT RETAIL
CX Experience

THE CURRENT RETAIL CX EXPERIENCE

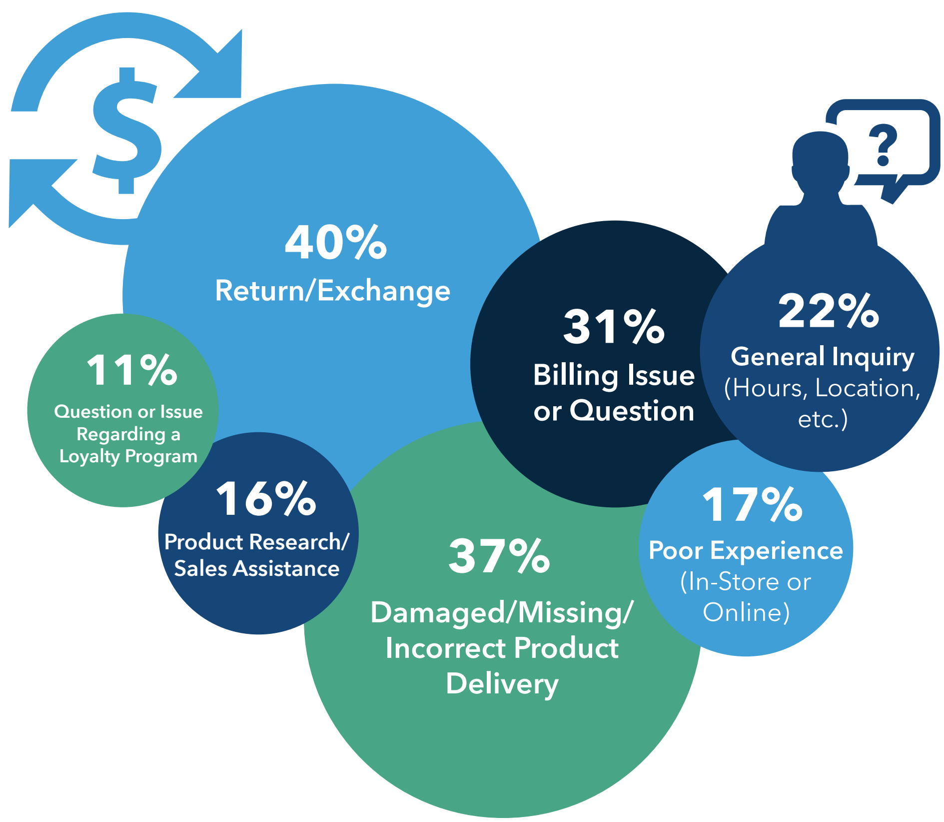
In a series of questions designed to understand the current customer care experience with Retail/eCommerce brands, survey respondents were screened for a customer care experience in the past 12 months. If they responded that they had a customer care experience in the previous 12 months, they were taken through a series of nine additional questions, which comprise the remainder of this section of the report.

Have you had a customer care experience with a retail and/or eCommerce brand within the past 12 months?



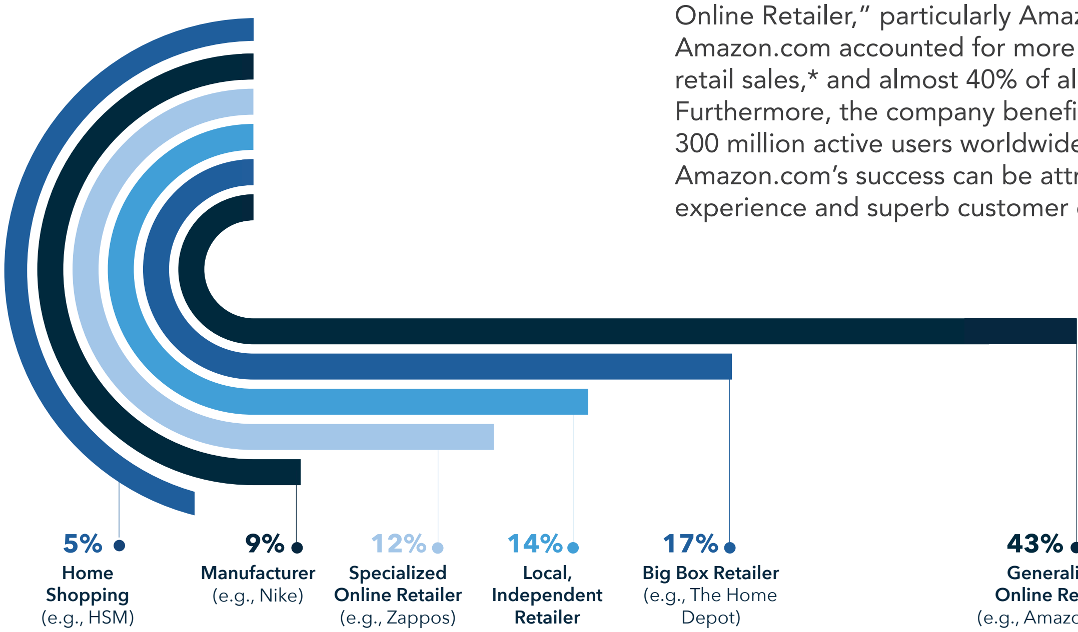
Most Retail/eCommerce customer care interactions experienced by survey respondents were comprised of three types of interactions: "Return/Exchange," "Damaged/Missing/Incorrect Product Delivery," and "Billing Issue or Question." Interestingly, interactions having to do with Loyalty Programs were combined with Return/Exchange issues in almost half of instances (46%). This indicates there may be a need for greater clarity around Loyalty program policies. Furthermore, "Poor Experiences" were also often occurring in combination with "Return/Exchange," indicating how critical a positive experience is for Retail/eCommerce brands in retaining revenue.

What was the nature of your most recent interaction? (Select all that apply.)



THE CURRENT RETAIL CX EXPERIENCE

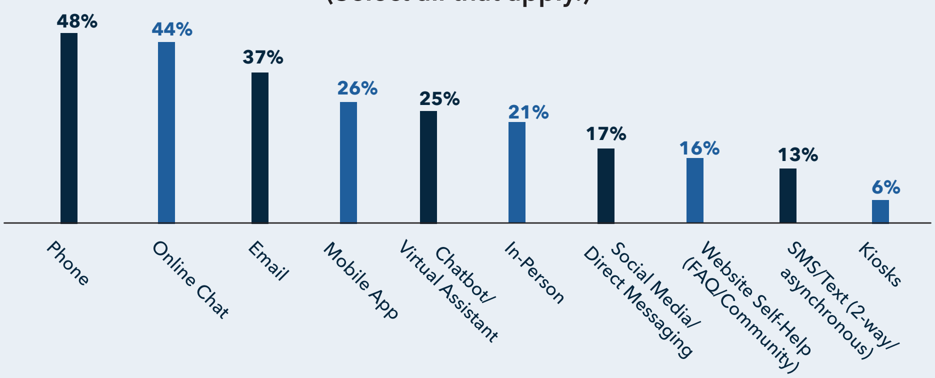
Which specific type of retailer/eCommerce company did you interact with?



Most respondents reported engaging with a "Generalized Online Retailer," particularly Amazon.com. In 2022, Amazon.com accounted for more than 10% of all U.S. retail sales,* and almost 40% of all online U.S. retail sales.† Furthermore, the company benefited from more than 300 million active users worldwide in 2023.** Much of Amazon.com's success can be attributed to its easy user experience and superb customer care.

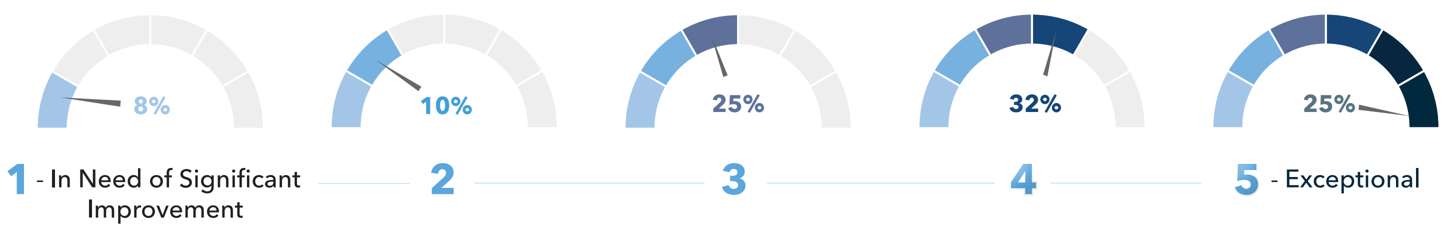
Phone, Online Chat, and Email dominated the solutions used by survey respondents in interacting with Retail/eCommerce brands. The wider mix of solution use was comparable to consumers across all industries with the exception of "In-Person," where Retail/eCommerce were about 30% more likely to resolve a customer care issue in-person versus consumers across all industries.

Which of the following customer care solutions did you use as part of your most recent, complete Retail/eCommerce customer care interaction? (Select all that apply.)



Across all respondents, the average rating for their most recent customer care experience with a Retail/eCommerce brand was 3.33 on a five-point scale. When broken down by the type of Retail/eCommerce company, "Specialized Online Retailers" fared best, with an average rating of 3.63, while "Manufacturers" fared worst, with an average rating of 3.10. When broken down by solution, "Website Self-Help" performed best, with an average rating of 3.49, while SMS/Text had the poorest showing, with an average rating of 3.16.

On a five-point scale, how would you rate this most recent, complete customer experience indicated in the previous question?

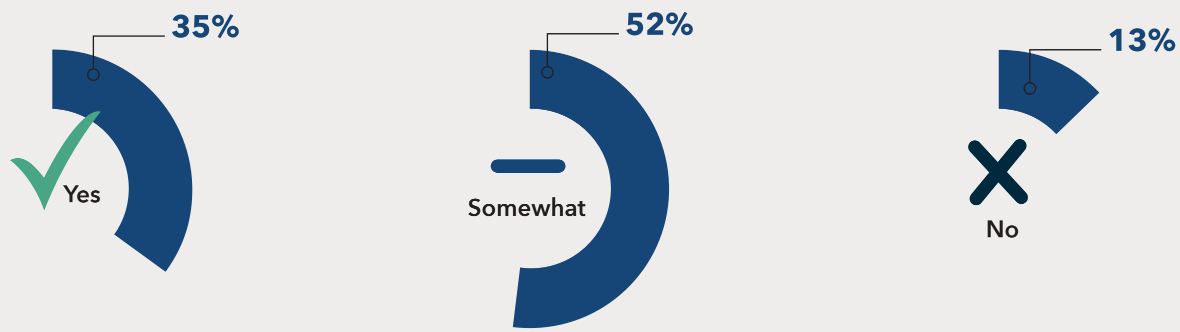


* https://risnews.com/top-100-retailers-2022
† https://www.statista.com/statistics/274255/market-share-of-the-leading-retailers-in-us-e-commerce/
** https://www.zippia.com/advice/amazon-statistics/

THE CURRENT RETAIL CX EXPERIENCE

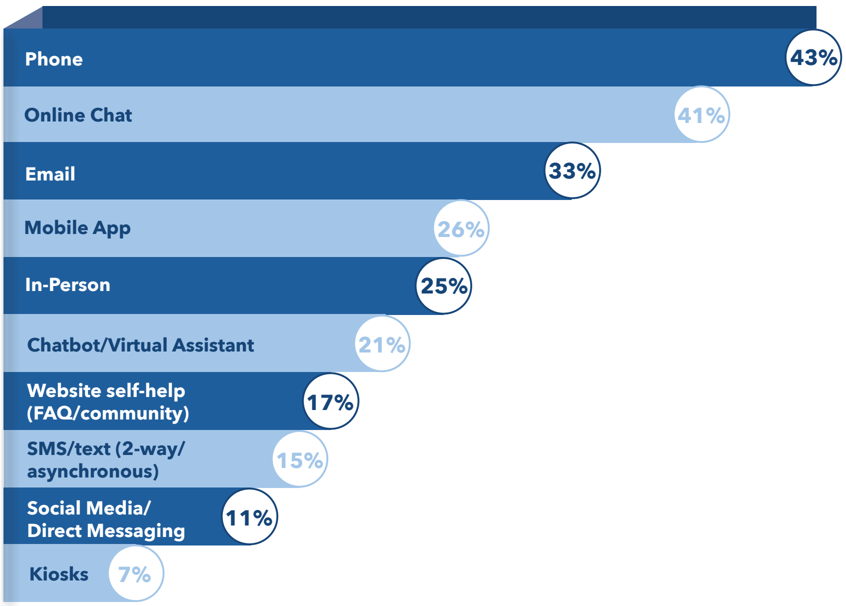
Survey respondents report that Retail/eCommerce brands have a good understanding of the customer care solutions they prefer to use. Consumers might be right to feel this way, as corporate results show that Retail/eCommerce companies (when compared to all industries) have a much broader current channel mix (page 48), and a higher percentage of Retail/eCommerce companies expect to invest in Channel Strategy in the coming 12 months (page 42). Supporting the channels consumers expect and want to use lays the groundwork for creating an exceptional customer care experience.

Do you think Retail/eCommerce companies have a good understanding of the customer care solutions (like phone email, chatbot, in-person) you like to use?



Which of the following customer care solutions do you plan to use more often in the future? (Select all that apply.)

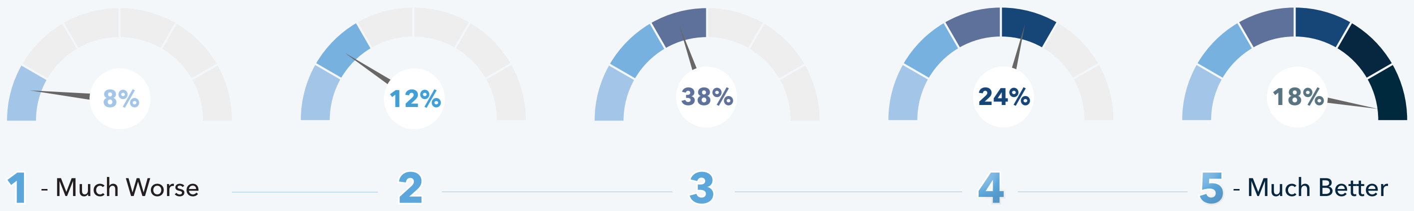
Phone, Online Chat, and Email are the most frequently used solutions among consumers (page 21), a trend expected to continue. At the other end of the spectrum, Social Media/Direct Messaging dropped in use, as fewer consumers (11%) expect to use such solutions in the future (17%).



THE CURRENT RETAIL CX EXPERIENCE

The COVID-19 pandemic had a profound impact. It pushed much of the world's workforce out of the office (as well as other workspaces), and into the home. And while this transition to work-from-home was not without its challenges (particularly to the contact center industry), there have been unintended benefits. Many brands were forced to rethink their processes and solutions at a time when greater focus on the customer was already emerging. This gave many brands the chance to put customer-centric theories into practice. The transition also forced investment into self-help solutions, hastening their evolution. The result is more satisfied Retail/eCommerce customers.

Generally speaking, how do you think the customer care of today's Retail/eCommerce companies compares to that of three years ago (pre-pandemic)?



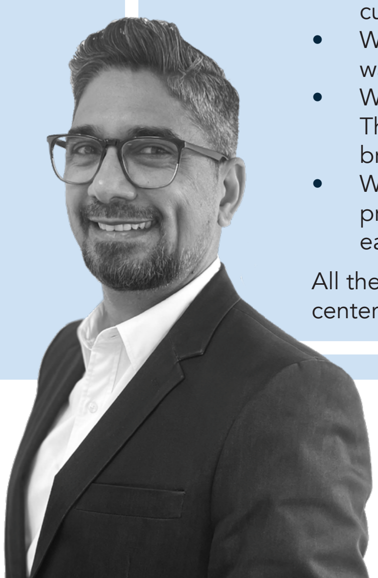
Consumers generally feel Retail/eCommerce brands are in a better place post-pandemic. Which pandemic-driven changes at your organization have had a lasting, positive effect?

"The COVID pandemic impacted our retail business, leading to store closures and cost reductions. As a result, we had to shut down the phone and chat lines in our contact center, leaving email as the only communication channel. It was frustrating for customers, as they could not get real-time support for online purchases, returns, warranty inquiries, or styling advice.

But we didn't give up. After several months of closure, we received funding to reopen, and developed a roadmap to get back to where we were before the pandemic. Since then, we've implemented several initiatives to elevate the customer experience and deliver even better service than before.

- Implementing new Live Chat technology allowed us to double our support capacity, making it easier for customers to reach an agent.
- We've reduced customer effort and achieved significantly faster resolution times by overhauling our warranty program.
- We recently launched Tier 2 agent assistance to provide real-time support for complex customer inquiries. The introduction of T2-level support reduced customer escalations while providing a career path that bridged the gap between an agent and a team leader.
- We partnered with a global leader in training and development to create a branded and bespoke training program for all Call Center agents. The training ensured consistent and elevated customer interactions on each call and provided a framework for increasing conversion rates and driving incremental sales.

All these changes have resulted in improved CSAT scores, record annual sales, and a highly engaged call center workforce."



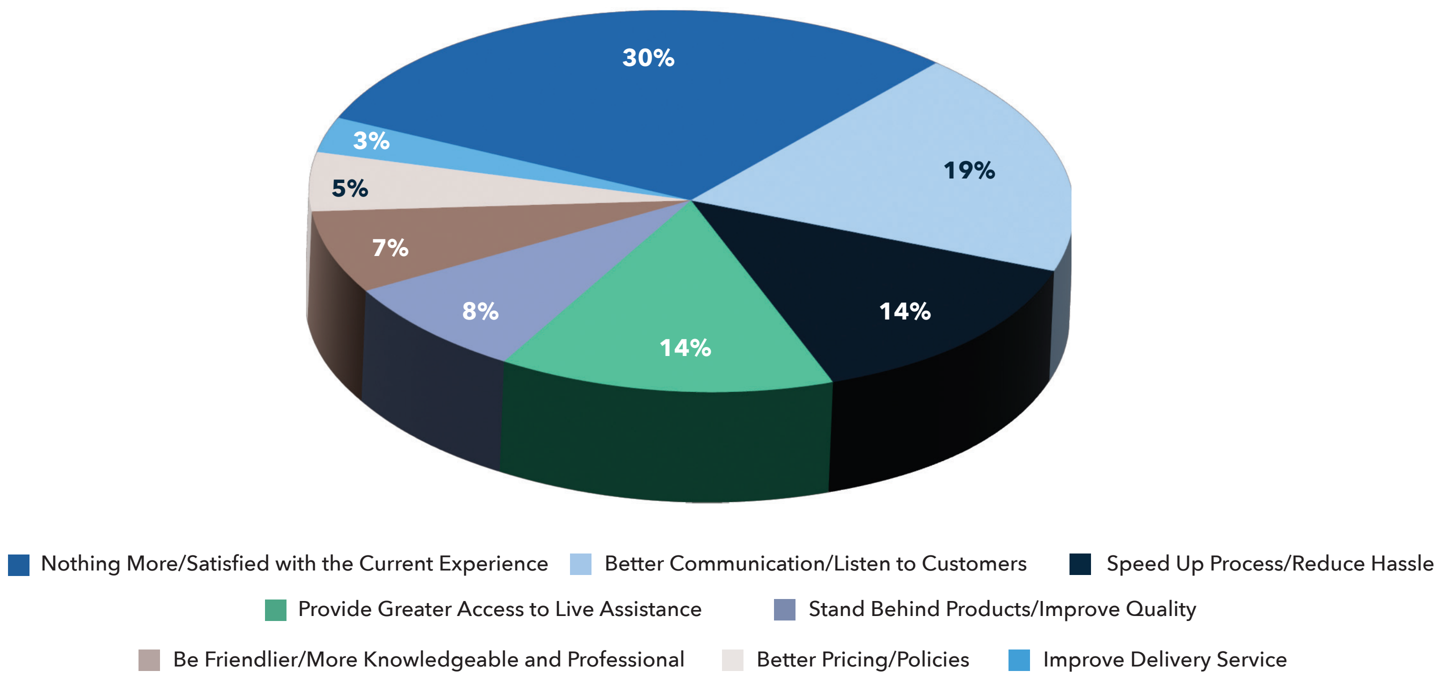
MICHAEL KORS

Ebrahim Hyder
Vice President, Customer Service

THE CURRENT RETAIL CX EXPERIENCE

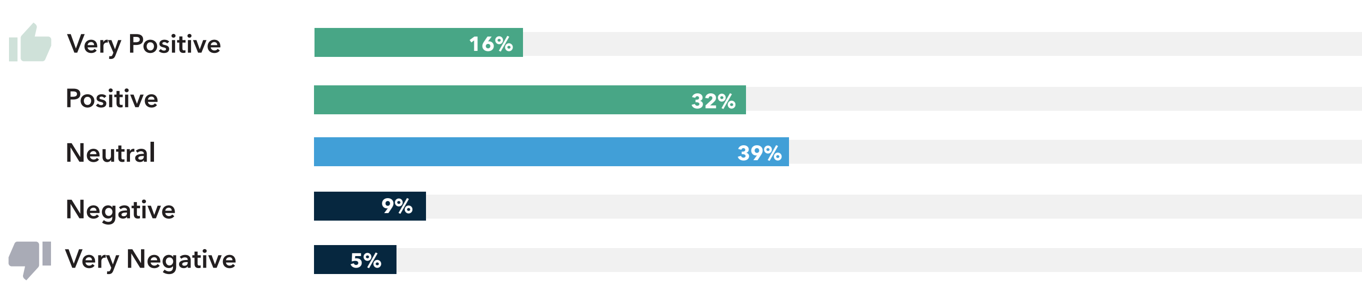
Matching the mostly positive tone of the other results within the section (a section screened for individuals with a recent Retail/eCommerce brand interaction), nearly one-third (30%) of respondents indicated they were satisfied with the current customer care experience. The areas of biggest opportunity for improvements were found in better communication, a speedier/easier process, and more access to live assistance.

What should the company you engaged with do differently to create a better experience for you in the future?



Survey respondents were largely supportive of the idea of Retail/eCommerce companies using customer data to create customized, personalized experiences. Only 14% of survey respondents were in any way opposed to the idea. And although this looks like consumers are giving the go-ahead, these results might be unique to the Retail/eCommerce segment, a segment where reward programs and expanded customer/brand relationships are commonplace. For CX leaders from other segments, it's advisable to investigate how one's customer base feels about this issue, one worth investigating given the value provided to customers by creating a more customized, personable experience.

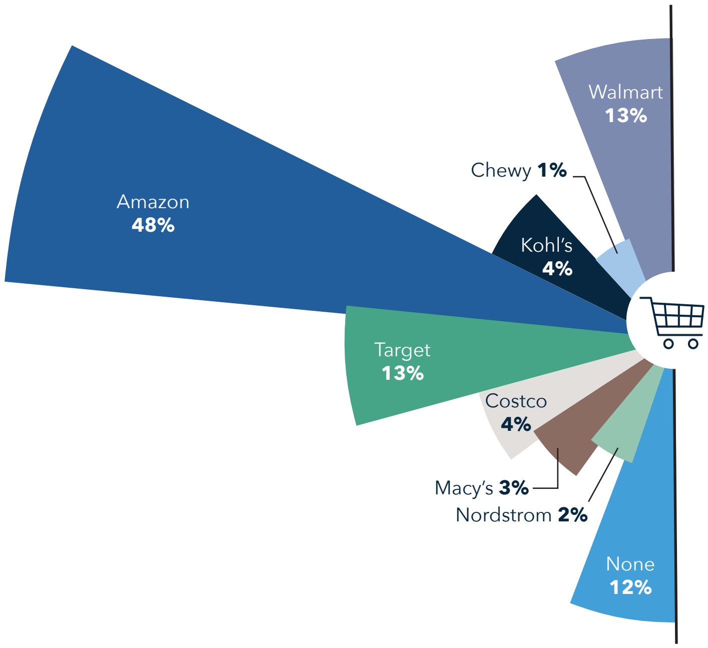
How do you feel about Retail/eCommerce companies using demographic, customer feedback, customer history, and other data to create customized, personalized experiences?



CONSUMER OPINIONS ON Retail Service and Tech

CONSUMER OPINIONS ON RETAIL SERVICE AND TECH

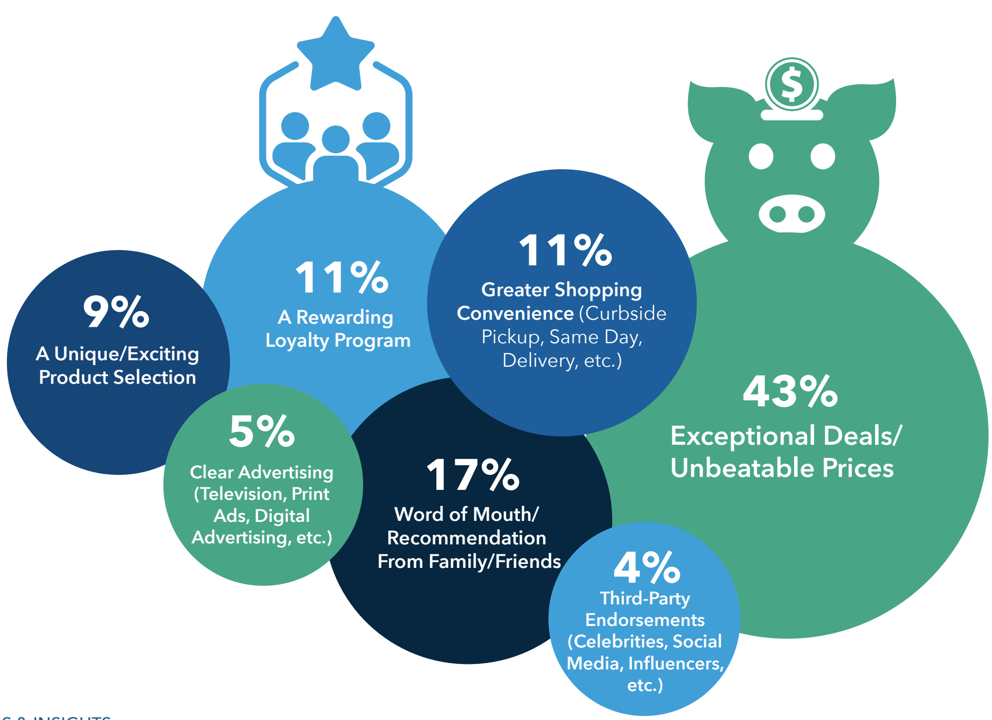
Which Retail/eCommerce brand(s) do you think provide the best shopping and customer care experiences?



As mentioned earlier in this report, Amazon.com wields immense gravity within the sphere of Retail/eCommerce giants. Not only is the company ubiquitous with online shopping, it is often the subject of praise from consumers when it comes to a positive customer care and overall shopping experience. This sentiment is further confirmed by these results, which required at least four mentions of a brand for that brand to be named. Target and Walmart also had strong showings. Brands with fewer than four mentions included The Walking Company, Meijer, Etsy, CVS, The Home Depot, and Michael Kors.

How to attract new customers is an age-old question for retailers. However, consumers couldn't be more unequivocal in response: "Exceptional Deal/Unbeatable Prices." Almost half of all respondents (43%) checked "give me a good deal," with the remaining responses evenly spread across the remaining options. In an interesting comparison, "Word of Mouth/Recommendations From Family/Friends" outweighed "Third-Party Endorsements" by more than four to one, while also outweighing "Clever Advertising" by more than three to one. Word of mouth is entirely built on experience, and word of mouth can often go both ways with negative experiences typically seeing greater amplification, especially in this day and age of ever-present social media and consumers who are all too eager to share.

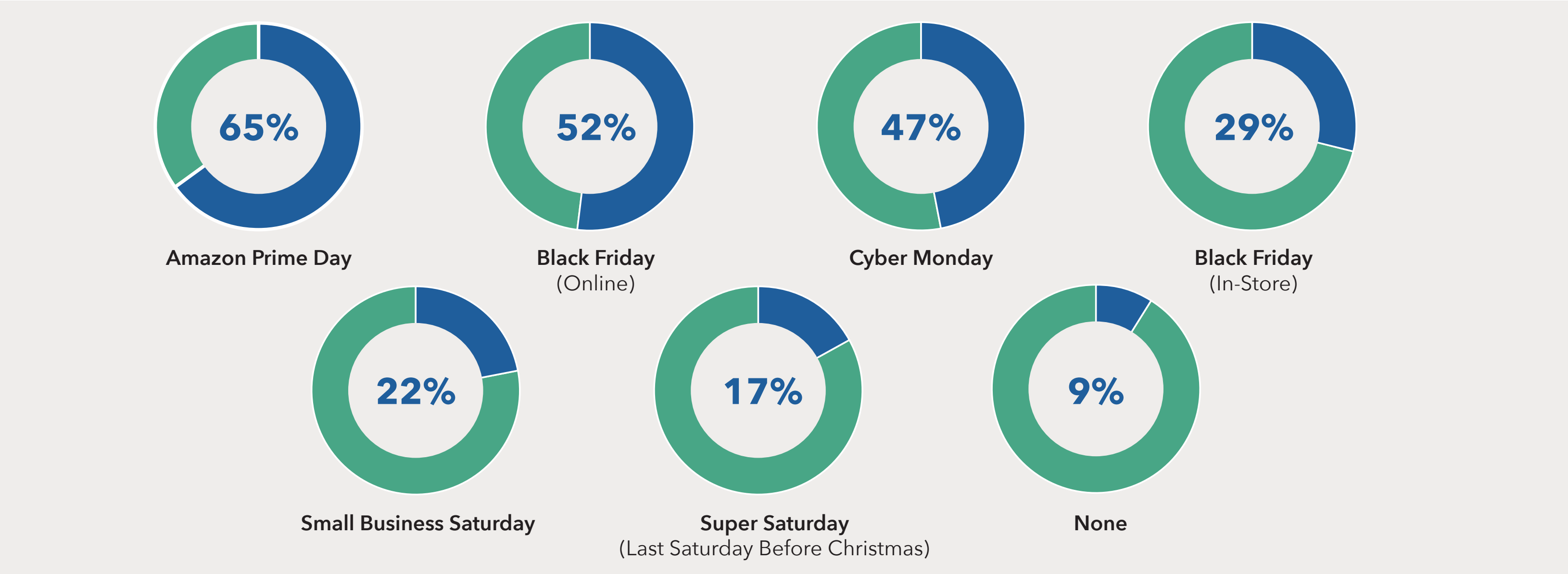
Which of the following is most likely to attract you to a new Retail/eCommerce brand?



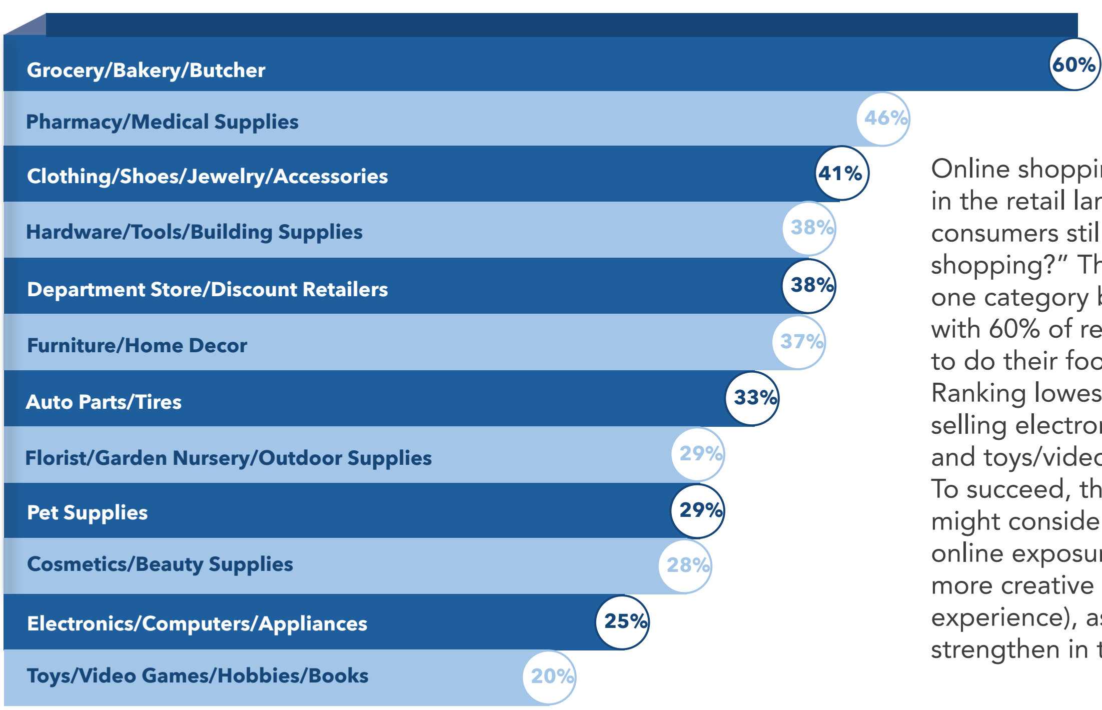
CONSUMER OPINIONS ON RETAIL SERVICE AND TECH

Special events are an important part of the U.S.-based Retail/eCommerce ecosystem. For decades, Black Friday (the Friday after Thanksgiving) has marked the transition from retailers "operating in the red" to "operating in the black." Amazon Prime Day is now more than twice as popular as the traditional brick-and-mortar Black Friday event. These special shopping events are meaningful to consumers, as all but 9% of respondents indicated they were likely to participate in one or more events, with 91% of these respondents indicating two or more events. The most popular events among those respondents selecting only one event: Amazon Prime Day and Small Business Saturday.

In the coming year, which special Retail/eCommerce shopping events are you most likely to participate in? (Select all that apply.)



Which of the following types of retail stores, if any, do you still mostly shop at in person versus online? (Select all that apply.)

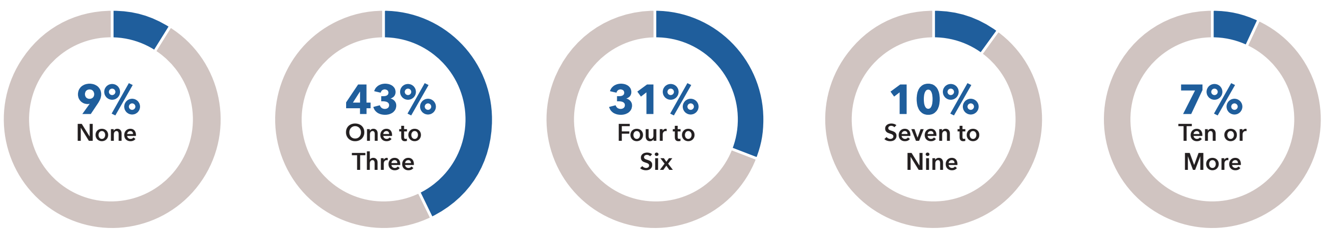


Online shopping is a dominant force in the retail landscape. So, "Where do consumers still prefer to do in-person shopping?" The answer is broad, but only one category breaks the 50% barrier, with 60% of respondents still preferring to do their food shopping in person. Ranking lowest on the list are stores selling electronics/computers/appliances and toys/video games/hobbies/books. To succeed, these types of retailers might consider pivoting into greater online exposure (or possibly getting more creative in evolving the in-store experience), as these trends look to only strengthen in the future.

CONSUMER OPINIONS ON RETAIL SERVICE AND TECH

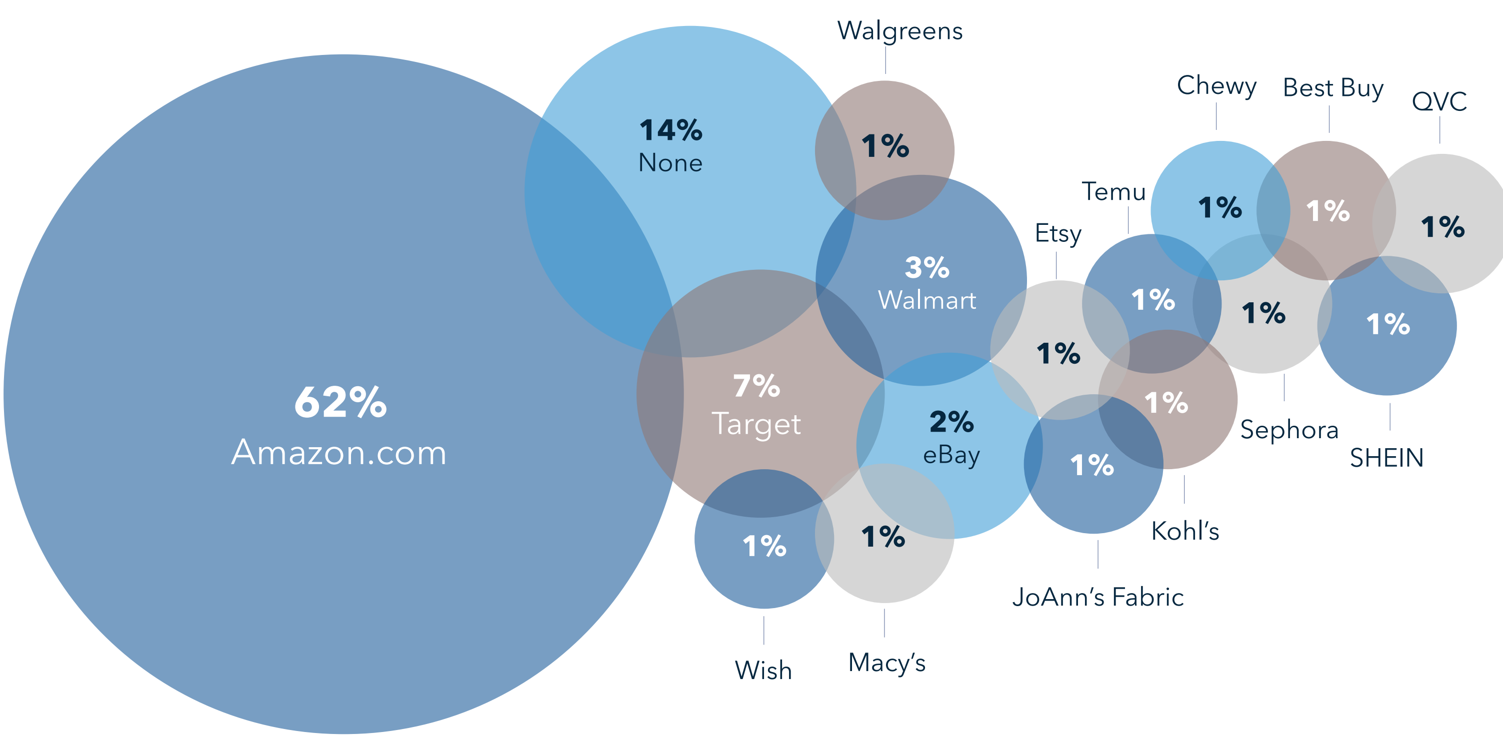
The rise in popularity of online shopping is partly due to the growing presence of Retail/eCommerce-specific mobile apps. The pandemic created urgency to develop, evolve, and download such apps, particularly for brands that had traditionally been more rooted in their brick-and-mortar operations, but were forced to evolve their operations to accommodate for curbside pickup, home delivery, and other innovations. While fewer than 10% of respondents indicated they had no Retail/eCommerce-specific apps on their mobile device, 48% of respondents indicated they had four or more, emphasizing their importance.

How many Retail/eCommerce-specific apps do you have on your smartphone or other mobile device?



In yet another result, Amazon.com makes it presence known, named the most favored Retail/eCommerce app among most survey respondents (62%). Like the previous question about which Retail/eCommerce brands provide the best shopping and customer care experience, this question also required a minimum number of mentions (three) to appear in the results. Brands receiving fewer than three mentions included The North Face, Levi's, Ulta, Starbucks, Grove, and Zappos.

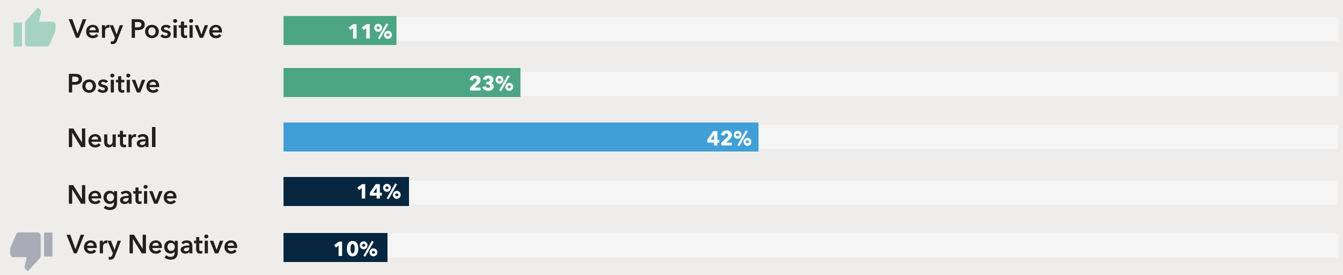
Which is your favorite Retail/eCommerce mobile app?



CONSUMER OPINIONS ON RETAIL SERVICE AND TECH

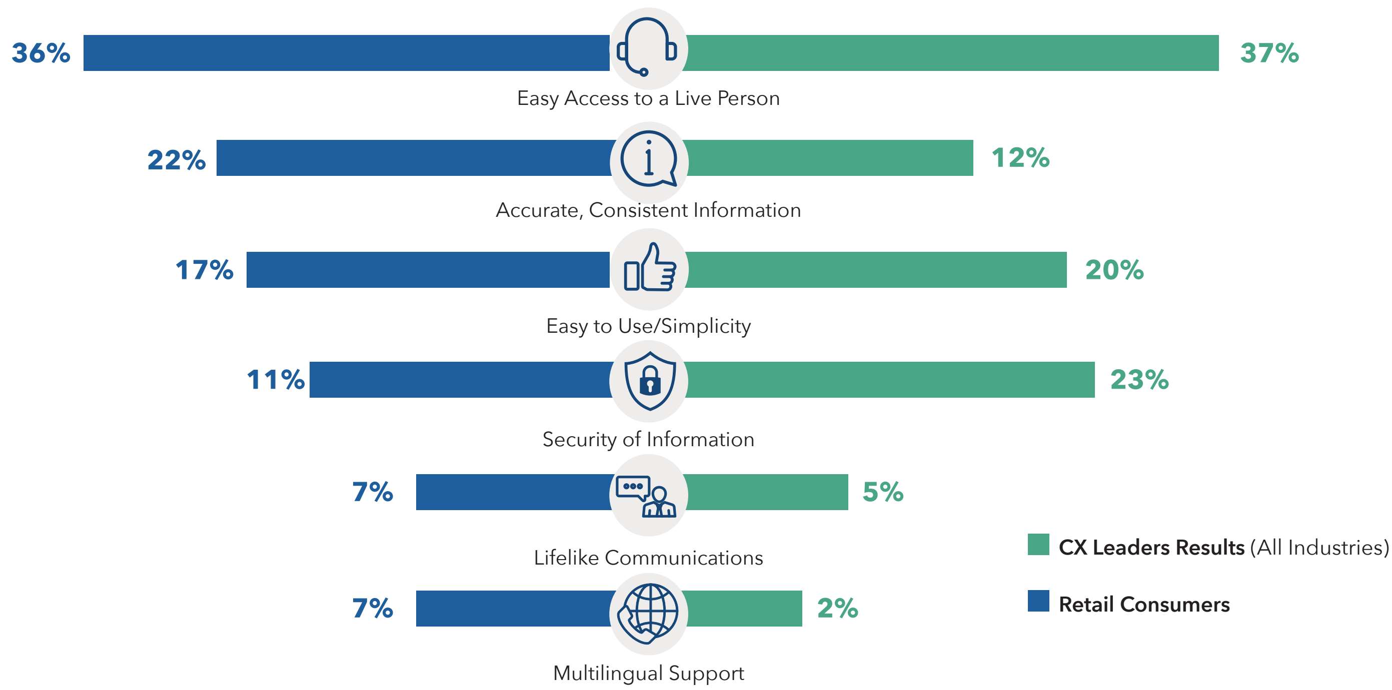
Consumers across verticals continue to voice apprehension about AI-powered solutions. While 34% of survey respondents view greater reliance on AI in a positive light, nearly as many (24%) have a negative view of the trend. These results are strongly influenced by demographics as well, with 41% of those under age 45 viewing AI-powered solutions in a positive light, compared to 30% of those over the age of 45. The best way to combat such negative sentiment is to create positive experiences to win customers over to the benefits of AI-powered solutions.

How do you feel about Retail/eCommerce companies creating more experiences and solutions powered by AI and designed to interact with customers in human-like ways?



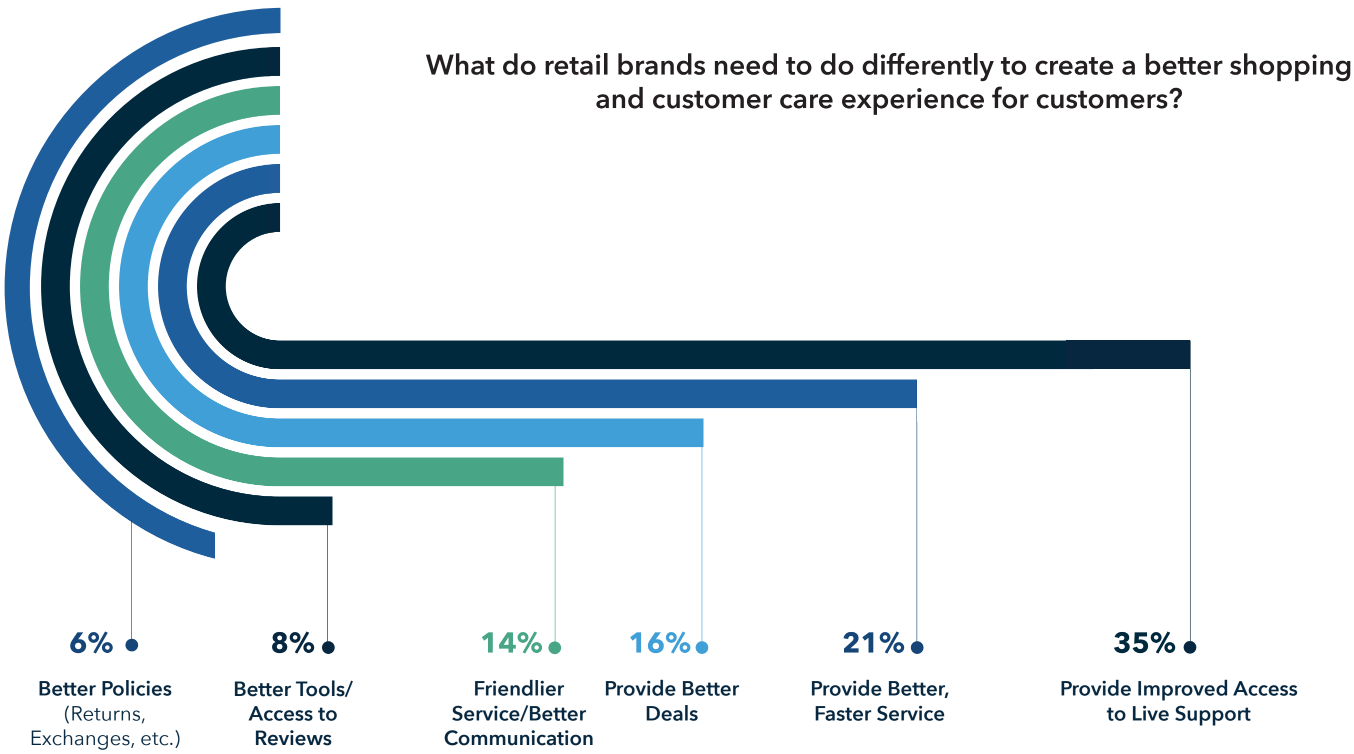
While this research reveals apprehension, it's also designed to provide insights into what is most important to Retail/eCommerce consumers when interacting with an AI-powered solution, even in comparison to consumers across industries. A few differences stand out, including retail consumers' overvaluation of "Accurate, Consistent Information," as well as "Multilingual Support." Conversely, retail consumers appear to be less concerned about the "Security of Information" when compared to consumers representing all industries. CX leaders can assume these opinions don't just apply to AI-powered solutions, but to all self-help solutions, including web-based applications, mobile apps, and in-store kiosks. First and foremost, Retail/eCommerce consumers want easy access to a live person, followed by accurate, consistent information and, finally, ease of use.

When resolving a customer care issue with a Retail/eCommerce brand using a solution powered by artificial intelligence (AI), which is most important to you?



CONSUMER OPINIONS ON RETAIL SERVICE AND TECH

Greater access to live support continues to be a bellwether of consumer desire for customer care. While not new, this feedback has closely followed the increased use of self-help solutions. If consumers have communicated one universal desire over the decades, it's the expectation of choice. Although AI-powered solutions and self-help tools are here to stay, consumers need off-ramp access, especially as many unassisted solutions continue to contain gaps in effectiveness, issue blind spots, and logic loops. And while live person access isn't the sum of what consumers want, providing access could address other desires, including better, faster, friendlier service, and improved communication.



Consumers continue to value easy access to live agents. How does your organization facilitate this, while still using the latest technology to improve the overall experience?

First and foremost, we let the customer choose how they want to get assistance and what channel is most comfortable for them. We've recently expanded our offerings to include live chat, SMS, and improved self-help through a chatbot. Regardless of how the customer starts their interaction with PAR, they can always request a live agent. We don't believe in making our customers search for that option, as we think it creates frustration. With our chatbot experience, "Chat with a specialist" is one of the initial menu options, right up front. And, once they start interacting with the chatbot, "Chat with a specialist" is always an option. So, if they start with self-help but aren't finding what they need, a Live Agent is available in seconds.

Data has shown that more customers want to help themselves, so we've put a lot of focus on that channel. But, our company values guide us to always provide real people when needed. Once the customer gets to a Live Agent, we're able to see their interactions across most of our other channels, reducing customer effort. Lastly, we've been building out our Agent assist features to bring the right help content directly to the Agent without having to search, saving the customer and the Agent valuable time.

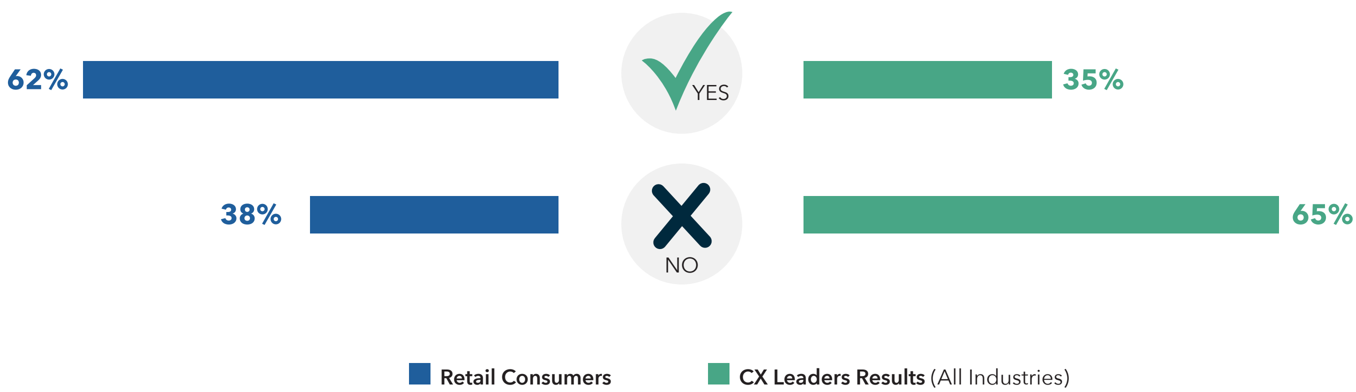
PAR® Creating Connections. Changing Lives.

Daniel McFadden
Vice President of Customer Support

CONSUMER OPINIONS ON RETAIL SERVICE AND TECH

Most respondents (62%) feel the customer care departments of Retail/eCommerce companies are generally meeting needs and expectations. This is in sharp contrast to consumers across all industries, where only 35% feel the same way. This result punctuates the fact that retail brands take seriously the customer care experience, and perhaps understand better than other industries the relationship between experience and loyalty.

Do you feel that the customer care departments of today's Retail/eCommerce companies are generally meeting your customer service needs and expectations?



The Consumer Viewpoint

CONCLUSIONS

KEY FINDINGS:

- Seventy-six percent of consumers indicate they have a favorite Retail eCommerce brand and, in the context of this research, are classified as "Loyalists" (page 13)
- Among both "Loyalist" and "Non-Loyalist" consumers, "Provide Consistent, High Quality Experiences at Every Touch Point" was the top answer when asked what Retail/eCommerce brands need to do to create an exceptional customer experience (page 16)
- On a five-point scale, 42% of consumers said Retail/eCommerce brands are providing "Better" or "Much Better" customer care compared to that of three years ago (pre-pandemic) (page 23)
- When asked what was most likely to attract them to a new Retail/eCommerce brand, the top answer among consumers was "Exceptional Deals/Unbeatable Prices" (43%) (page 26)

Most consumers (76%) consider themselves Loyalists in that they have a favorite Retail/eCommerce brand. And while Loyalist and Non-Loyalist consumers tend to agree on what makes a loyal customer (i.e., being a repeat, long-time customer), they view the current level of customer service provided by Retail/eCommerce brands in a slightly different way, with Loyalist consumers generally being more satisfied. These two types of consumers are also on the same page when it comes to what makes for an exceptional customer care experience. That is, consistency and high-quality at every touch point, followed by creating simple and enjoyable experiences.

Looking beyond loyalty labels, consumers are roundly satisfied with the current level of customer care provided by Retail/eCommerce brands, with 42% of survey respondents saying the care provided today is "Better" or "Much Better" than that of three years ago. Furthermore, 62% of Retail/eCommerce customers think their customer care needs and expectations are generally being met, versus 35% of consumers across all industries.

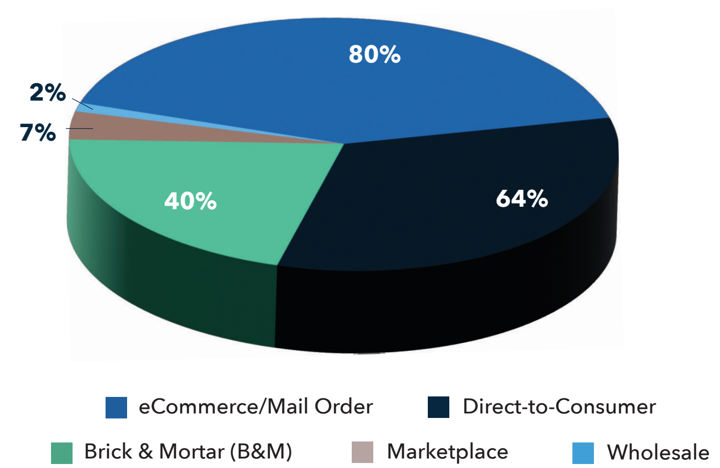
To extend this positive momentum, Retail/eCommerce brands should consider delivering on several of the specific items mentioned by consumers when asked how brands can improve their customer care offering. These include improved access to live support, faster service, and better communication skills among agents and brand representatives.

THE CORPORATE VIEWPOINT

THE STATE OF the Business

THE STATE OF THE BUSINESS

In which type(s) of retail spaces does your company operate? (Select all that apply.)

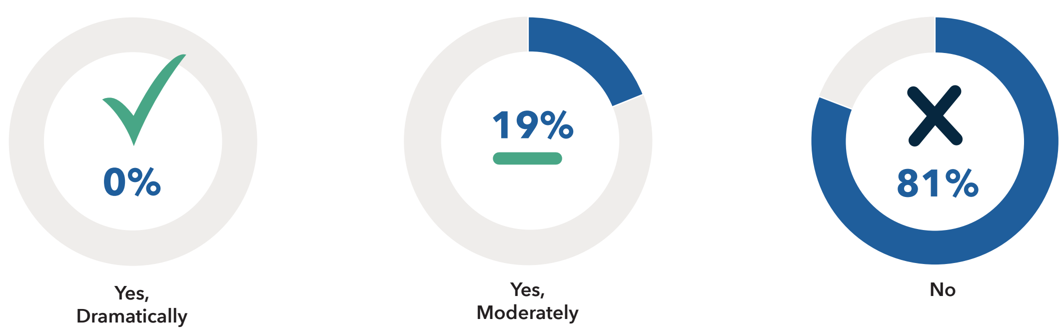


Participants in the corporate surveying portion of this research were largely eCommerce/Mail Order, Direct-to-Consumer, and Brick & Mortar retailers, with 27% of all respondents ticking all three of these categories in their respective responses. Participants also included several Fortune 500 companies, and many brands that are viewed as leaders in their respective categories.

Compared to companies participating in CX Leaders research, representing all industries, companies participating in this retail-focused research skewed slightly smaller in terms of revenue. Understanding this helps paint an accurate picture of the resources and program maturity that might be available in support of the customer experience. On the supply chain side of the equation, challenges caused by the pandemic appear to have eased dramatically. Only 19% of respondents indicated the continued existence of supply chain issues, and only of the "moderate" variety. This stands in stark contrast to significant supply chain issues that plagued many industries throughout 2020, 2021, and part of 2022.

What is the size of your company by annual revenue?

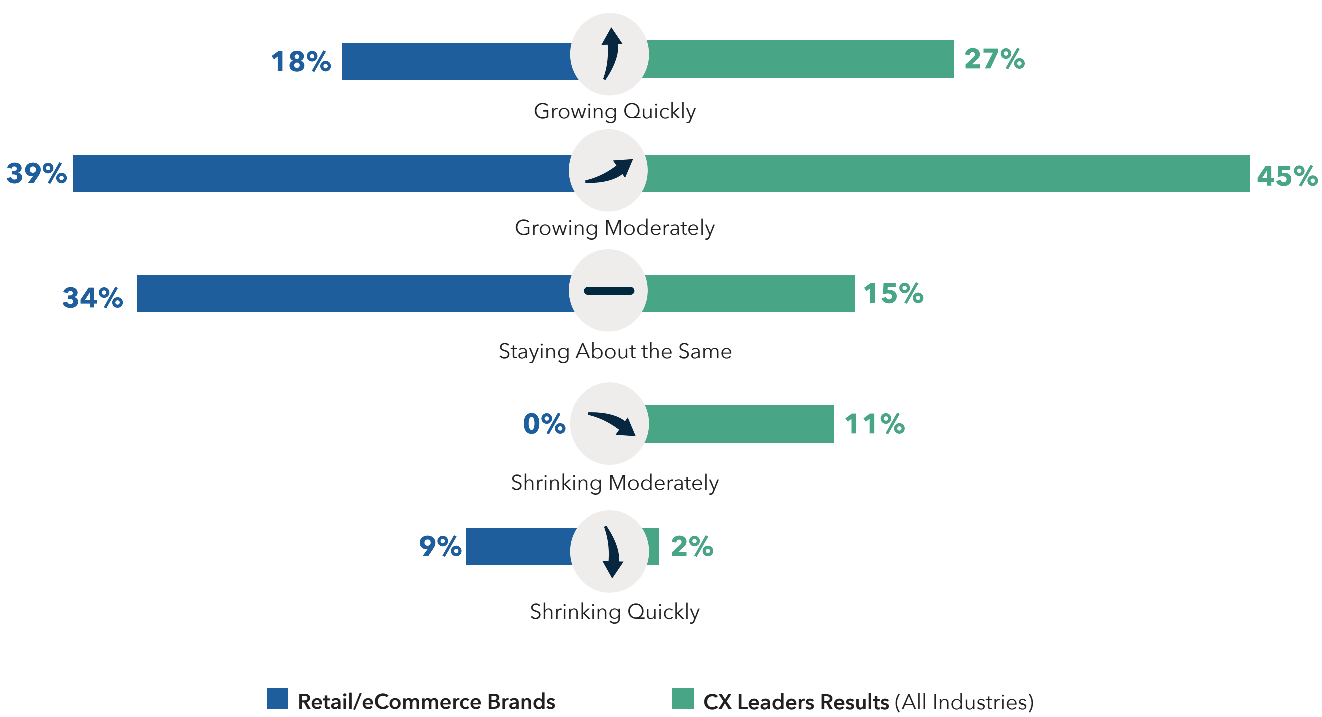
Is your company currently experiencing any supply chain issues resulting in a significant impact on the health of the company and/or an increase in the number of inquiries into the contact center?



THE STATE OF THE BUSINESS

Across industries, respondents were not only seeing moderately higher levels of growth, but 9% of Retail/eCommerce brands indicated they were "Shrinking Quickly," while only 2% of CX Leaders research respondents said the same. CX Leaders respondents were surveyed in October through December of 2022, while the retail respondents were surveyed in March through May of 2023.

How would you generally describe the state of the business over the past 12 months?



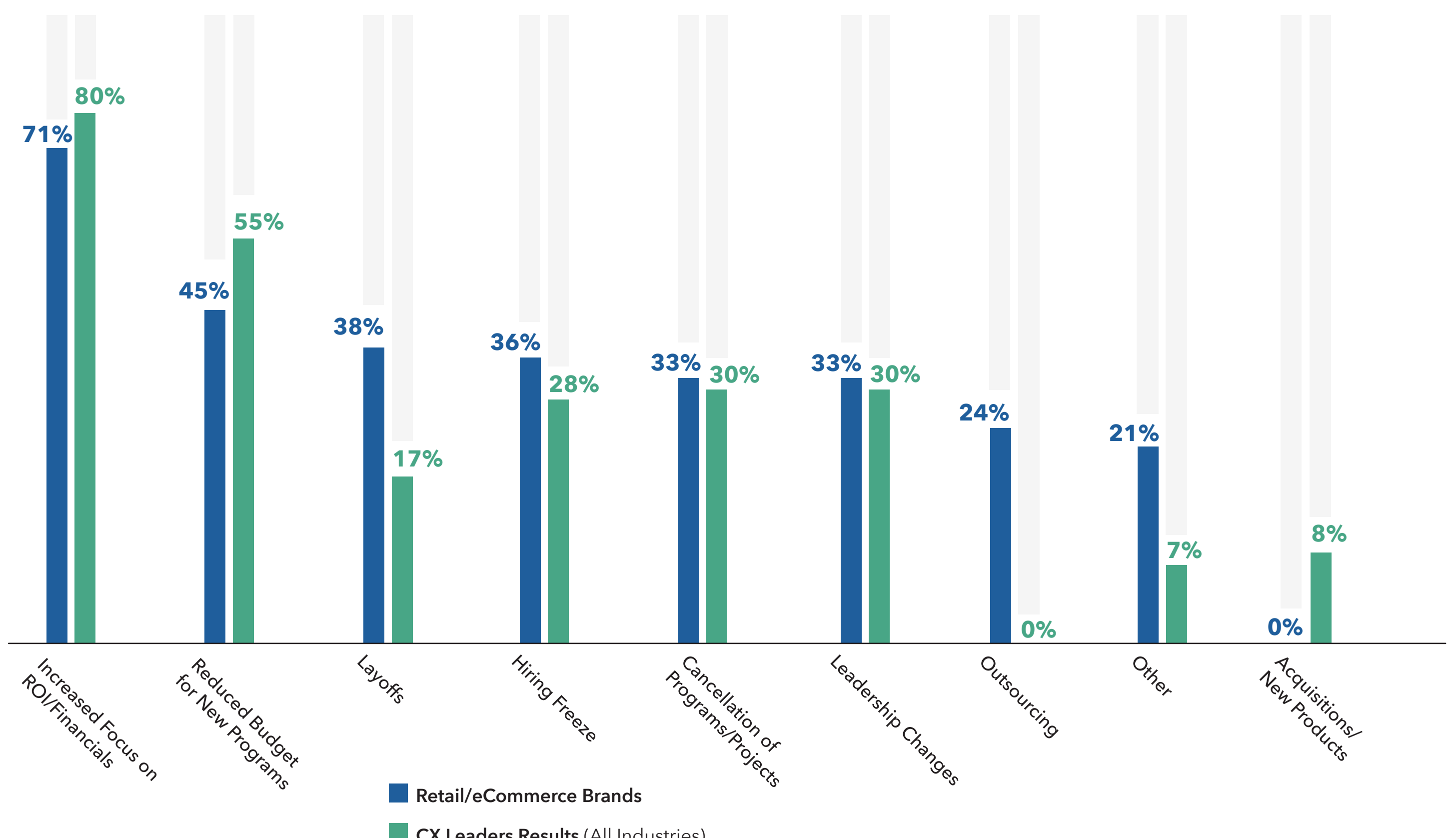
THE STATE OF THE BUSINESS

Compared to all other industries, Retail/eCommerce brands appear to be more out front in addressing uncertain economic conditions. Not only are Retail/eCommerce brands taking significant actions to address the situation, only 7% were taking a passive stance on the issue, compared to 26% of brands across all other industries. Again, the responses from Retail/eCommerce brands came three to seven months after those of the CX Leaders survey participants, giving Retail/eCommerce brands more time to react to evolving economic conditions.

Has your company begun discussing or acting on the uncertain economic conditions?

While the actions of Retail/eCommerce brands in addressing economic uncertainty are like those of companies across all industries, there were notable differences. Retail/eCommerce brands were far more likely to lay off workers. The other significant area was "Outsourcing." Although this category wasn't predefined in the CX Leaders survey, it was offered by a single respondent in the "Other" category (1%) compared to 24% of Retail/eCommerce brands who indicated it as an action. Among "Other" for Retail/eCommerce respondents, top responses included growth/expansion/acquisition and tighter management of budgets and inventory.

Which of the following actions has your organization recently taken in response to the uncertain economic conditions? (Select all that apply.)

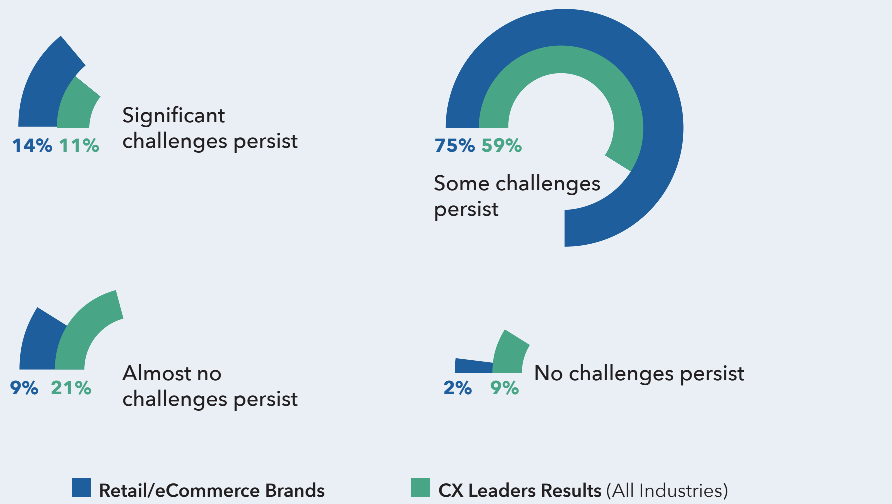


CX STRATEGY AND Investment

CX STRATEGY AND INVESTMENT

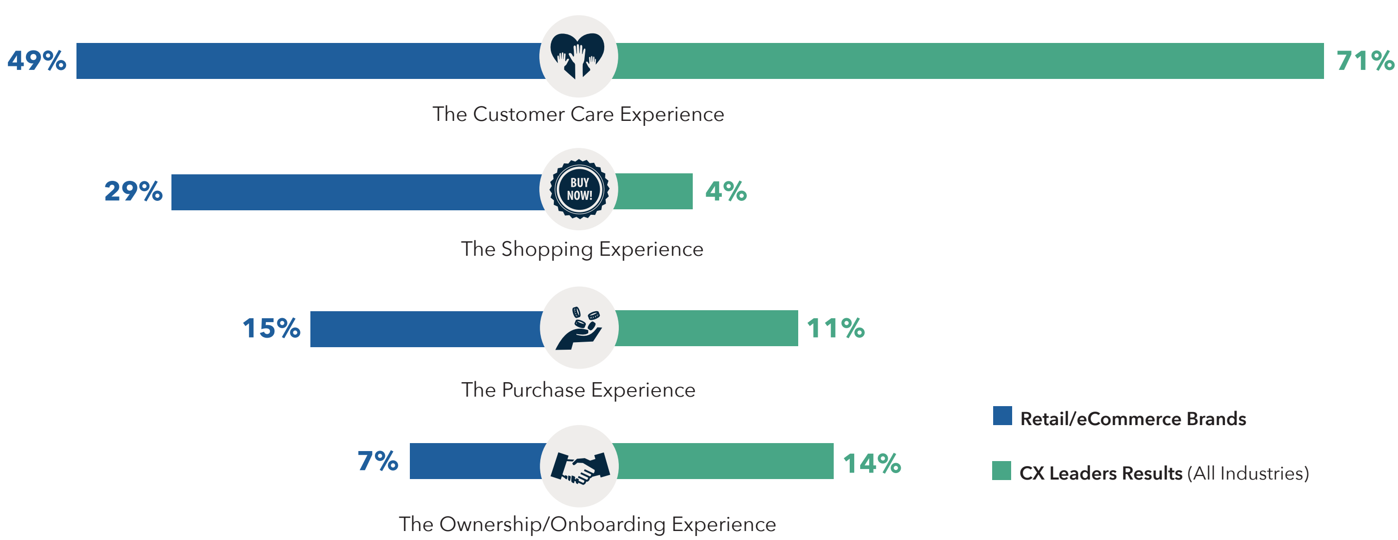
How would you describe the ongoing impact of the operational workforce and workplace disruptions that have occurred over the past 3 years?

Compared to companies across all industries, Retail/eCommerce companies show greater ongoing impact from the pandemic. While 30% of brands across all industries indicate no, or almost no, persistent challenges, only 11% of Retail/eCommerce companies indicate the same. This is reasonable given few industries, with exception of restaurants, healthcare, and live entertainment, were as dramatically impacted as retail.



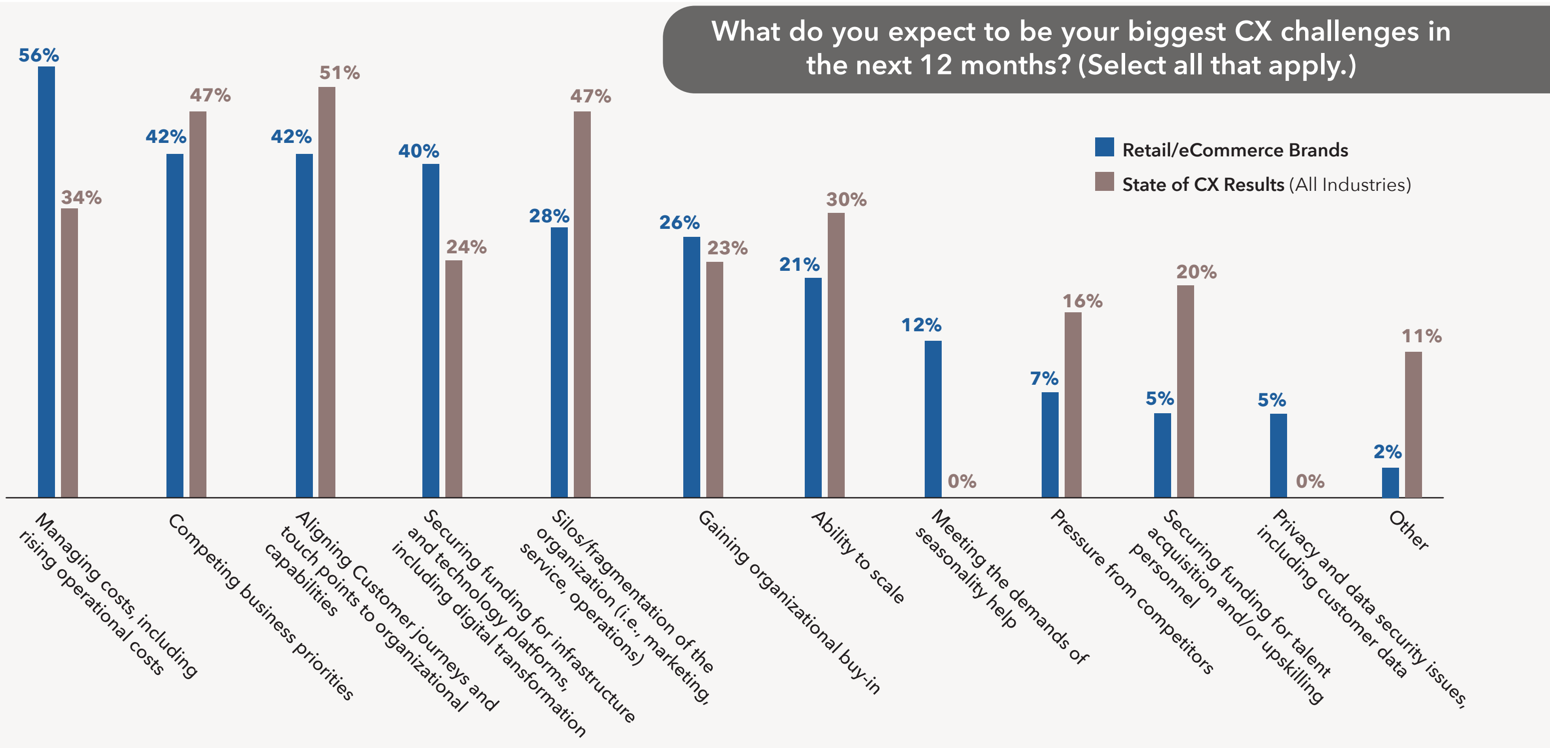
With resources for new initiatives becoming increasingly scarce, where to direct improvement efforts is a critical consideration. When CX leaders were asked where they thought consumers might feel these efforts should be directed, “The Customer Care Experience” ranked prominently. As seen on page 18, consumers (particularly those who self-describe as Non-Loyalist consumers) overwhelmingly point to “The Customer Care Experience” as their top target for improvements, followed by “The Shopping Experience” at a distant second. This holds true not only among consumers screened for this retail-focused survey, but for consumers providing opinions about all industries, as covered in the CX Leaders research. Essentially, these combined results prove the importance of proving an effective and delightful customer care experience, regardless of vertical.

Where do you think consumers feel Retail/eCommerce brands should focus their improvement efforts?



CX STRATEGY AND INVESTMENT

As demonstrated on page 37, actions to address economic challenges are more commonplace among Retail/eCommerce brands in comparison to companies from other industries. Retail/eCommerce companies are also less likely to be growing in a similar comparison (page 36), so managing costs is a bigger challenge for the sector, as is securing funding for technology investments. In other notable divergences, Retail/eCommerce brands appear to be less fragmented internally. Integration, particularly between marketing and customer care, has long been a strength of Retail/eCommerce brands.

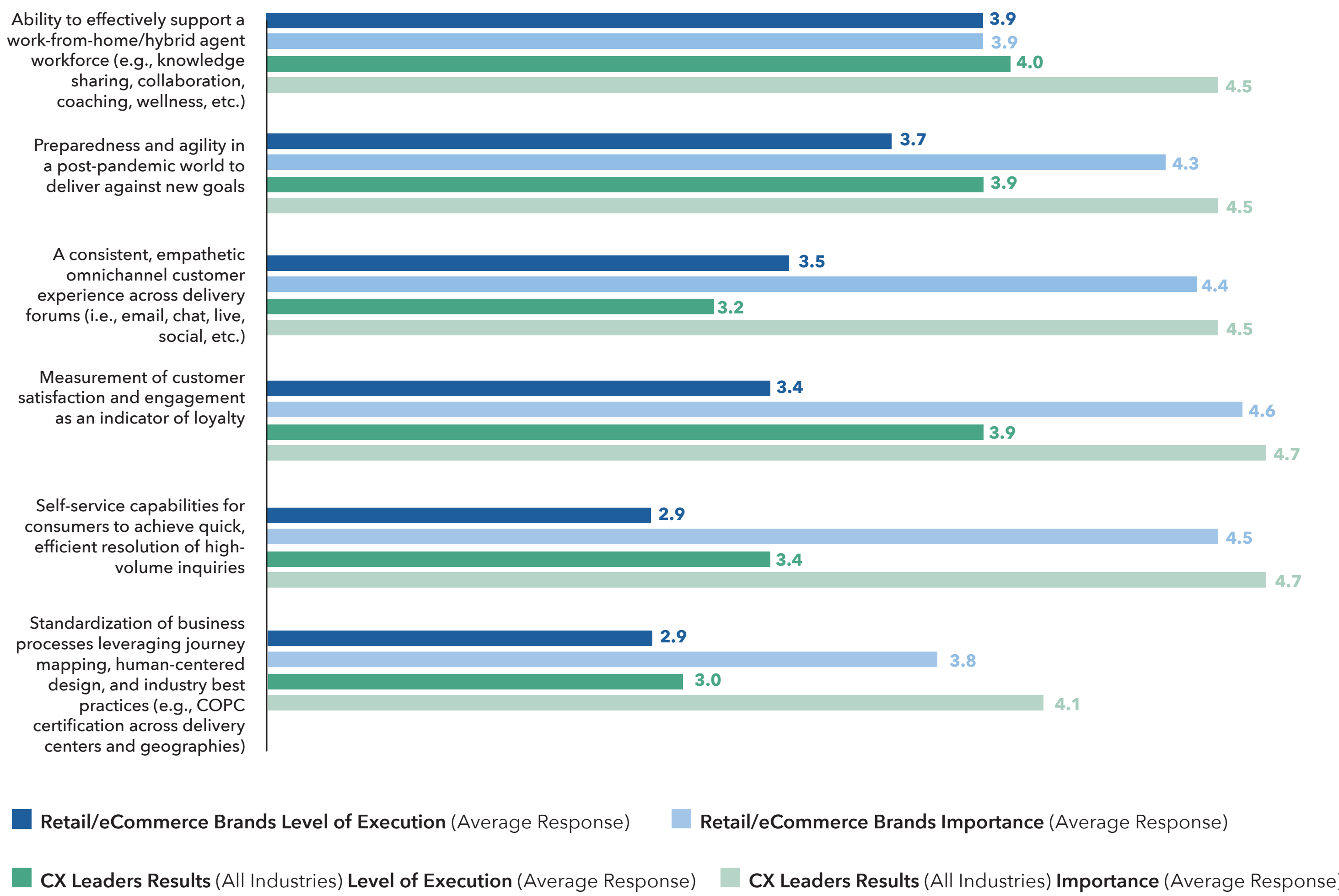


More than half (55%) of Retail/eCommerce CX leaders see an opportunity in enhancing the customer experience through greater personalization and expanded use of customer data. This is a great compliment to the 48% of consumers who feel "Very Positive" or "Positive" about Retail/eCommerce brands using customer data to create a more customized, personalized experience (page 24). In this regard, it's likely that the Retail/eCommerce vertical is a leader and innovator among industries, especially when these efforts are paired with the data and insights that come out of loyalty programs and purchase histories.

CX STRATEGY AND INVESTMENT

When speaking about CX strategic concepts and operational offerings, areas worth focusing on are those with the biggest gaps between perceived importance and execution. For Retail/eCommerce brands (and, to a lesser degree, all industries as well), one category stands out: Self-Service Capabilities. For Retail/eCommerce brands, the gap in aggregate responses to Self-Service Capabilities (on a five-point scale) was 1.6. For companies across all industries, this gap was measured at 1.3 (which also matches the gap observed in Omnichannel CX). This means that while companies see the strategic importance of Self-Service Capabilities, they perceive themselves to be falling short on execution. On the flip side, support for WFH/Hybrid environments is the area where survey respondents (both from Retail/eCommerce brands and across all industries) feel their execution best matches the importance of the concept.

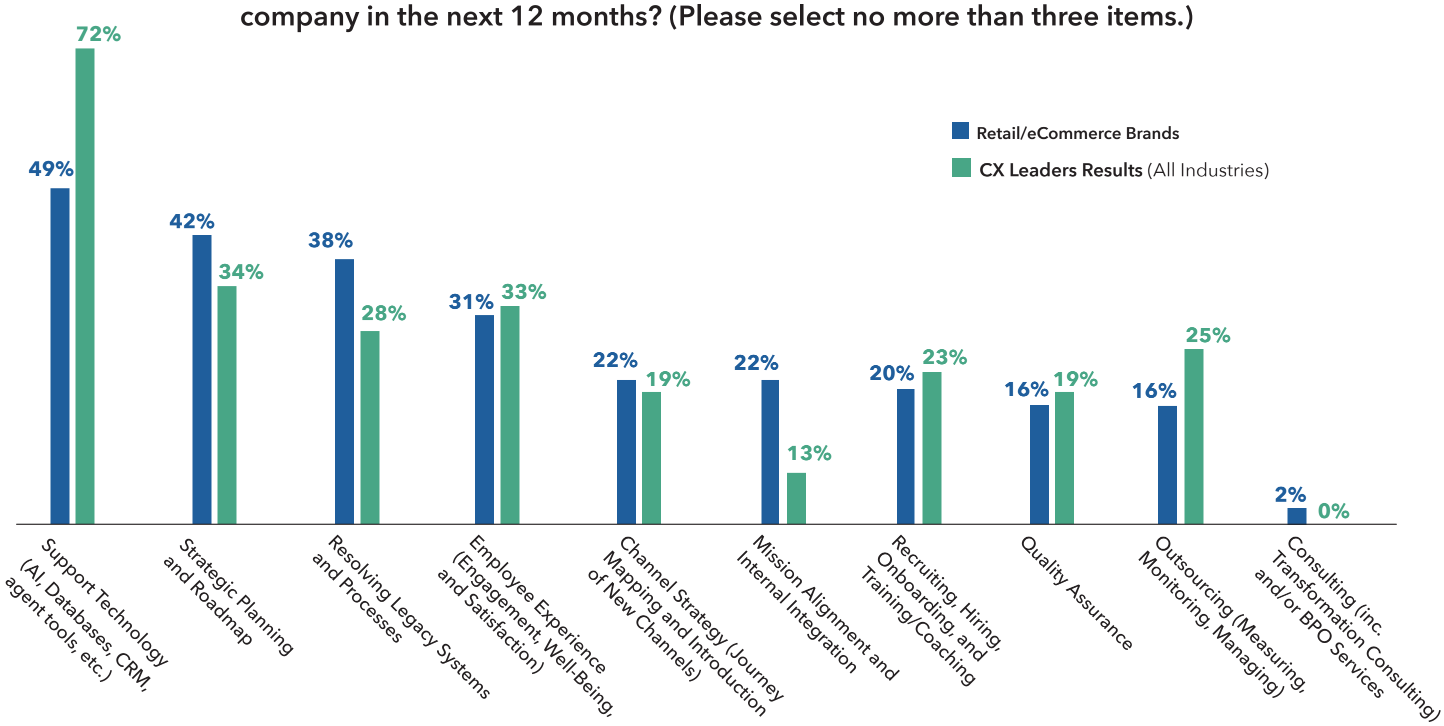
How would you describe the importance of the following CX strategic concepts and operational offerings, and how would you rate your organization's current level of execution?



CX STRATEGY AND INVESTMENT

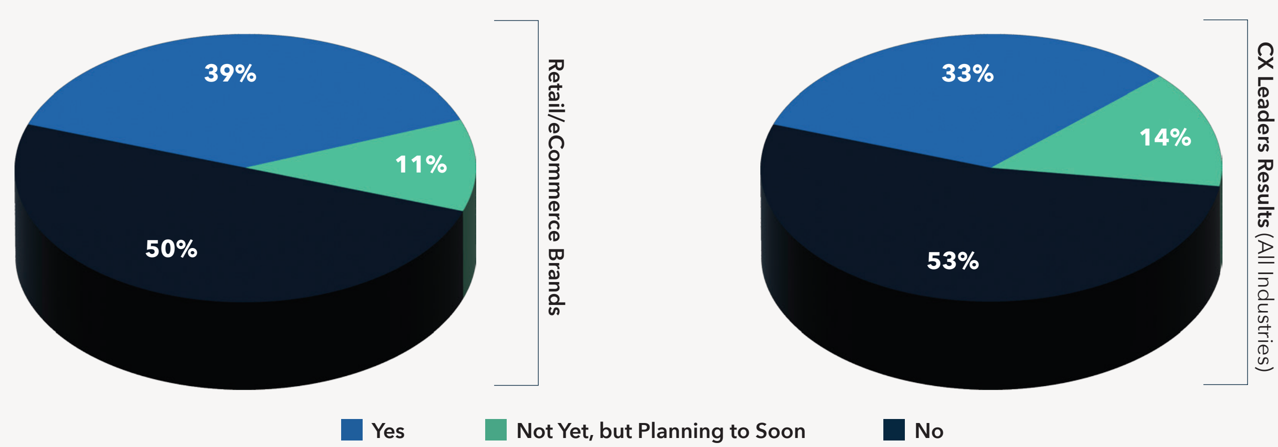
Both Retail/eCommerce brands (and brands from across industries) expect to be deploying the most investment and attention on support technology in the coming 12 months. This is an especially interesting result for Retail/eCommerce brands as many of the respondents representing this vertical (40%) indicated that securing funding for such investments was expected to be one of their top CX challenges over the same period. This further illustrates the financial challenges at Retail/eCommerce companies in that they expect to encounter funding challenges in the very same area that is expected to be their top spending area.

Which area(s) of your CX program do you expect to receive the most investment and attention from your company in the next 12 months? (Please select no more than three items.)



Retail/eCommerce brands are slightly ahead of all industries in the use of demographic data in shaping CX solutions and processes. This research (and past research, including CX Leaders research) show a definitive relationship between demographics (especially age) and the adoption of various consumer-facing CX technologies and practices. For instance, younger demographics are far more accepting of AI-powered technologies (page 29) and adopt these types of solutions at a higher rate compared to their older counterparts.

Are you using the demographics (age) of your customers to strategize solutions and processes within your CX organization?

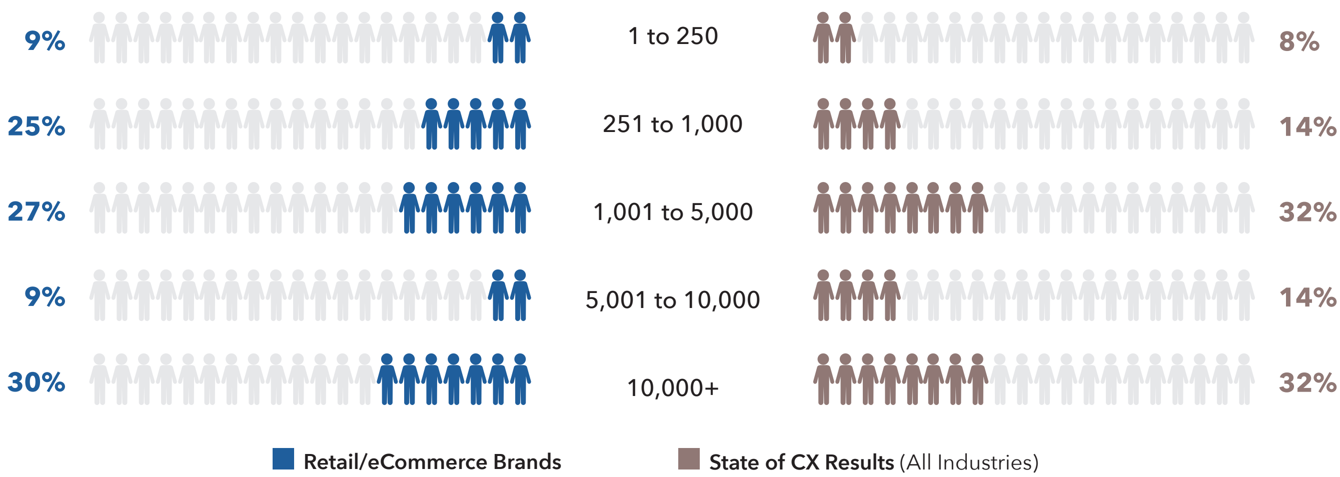


OPERATIONS AND Performance

OPERATIONS AND PERFORMANCE

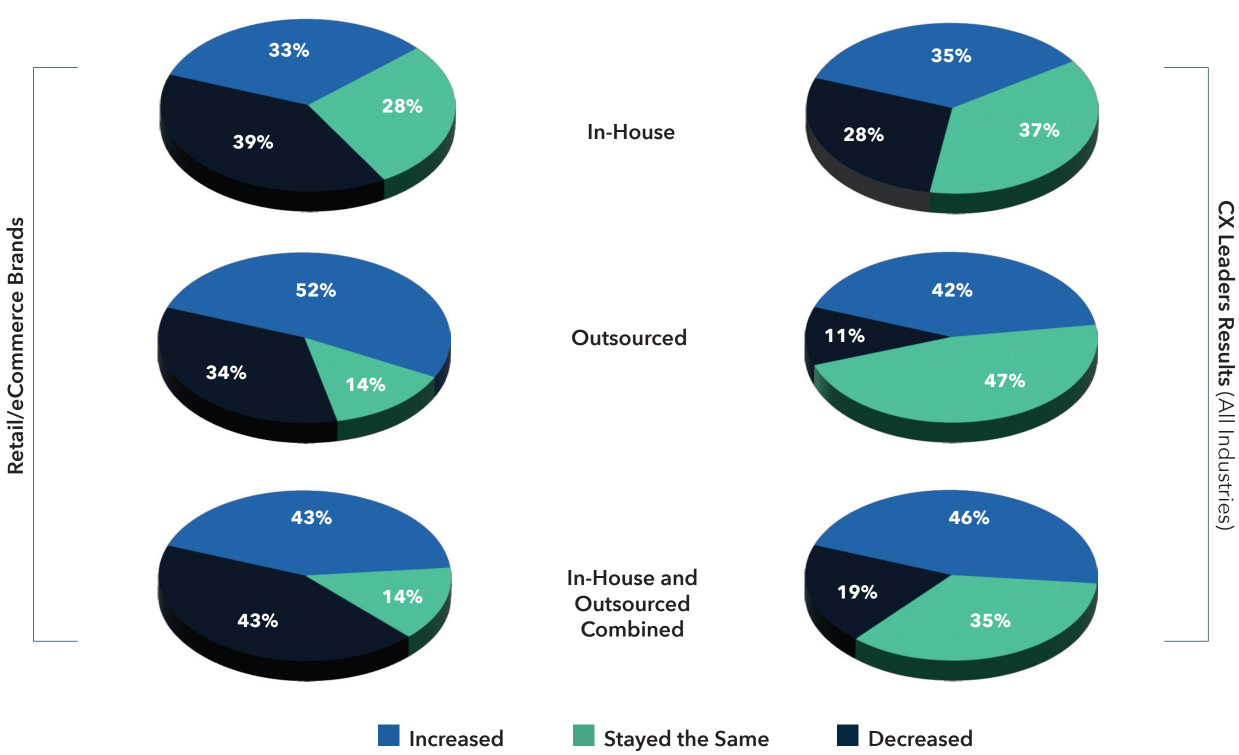
In another question aimed at helping to set context for this research (as well as some of the comparisons it makes to past research), Retail/eCommerce brands were asked about the size of their companies by employee count. In the aggregate, the brands surveyed from across all industries (State of CX) proved to be slightly larger by employee count than the brands participating in the Retail/eCommerce-focused surveying, with a higher proportion of Retail/eCommerce brands falling into the 251 to 1,000 category, and a smaller proportion in the 5K to 10K category.

How many people does your company employ?



Outsourced head count is the only area where Retail/eCommerce brands are seemingly growing head count. While the actual increases and decreases are needed to have a complete picture of head count changes, at face value, these results paint a picture of Retail/eCommerce head counts either falling or holding steady, especially compared to all other industries. What's unclear is whether these changes represent a shift due to seasonality or a post-pandemic adjustment. What is certain is that these reductions are not likely due to a reduction in business growth, and most Retail/eCommerce respondents (57%) indicated their business was experiencing growth (page 36). Furthermore, 24% of Retail/eCommerce brands indicated using "Outsourcing" to address uncertain economic conditions.

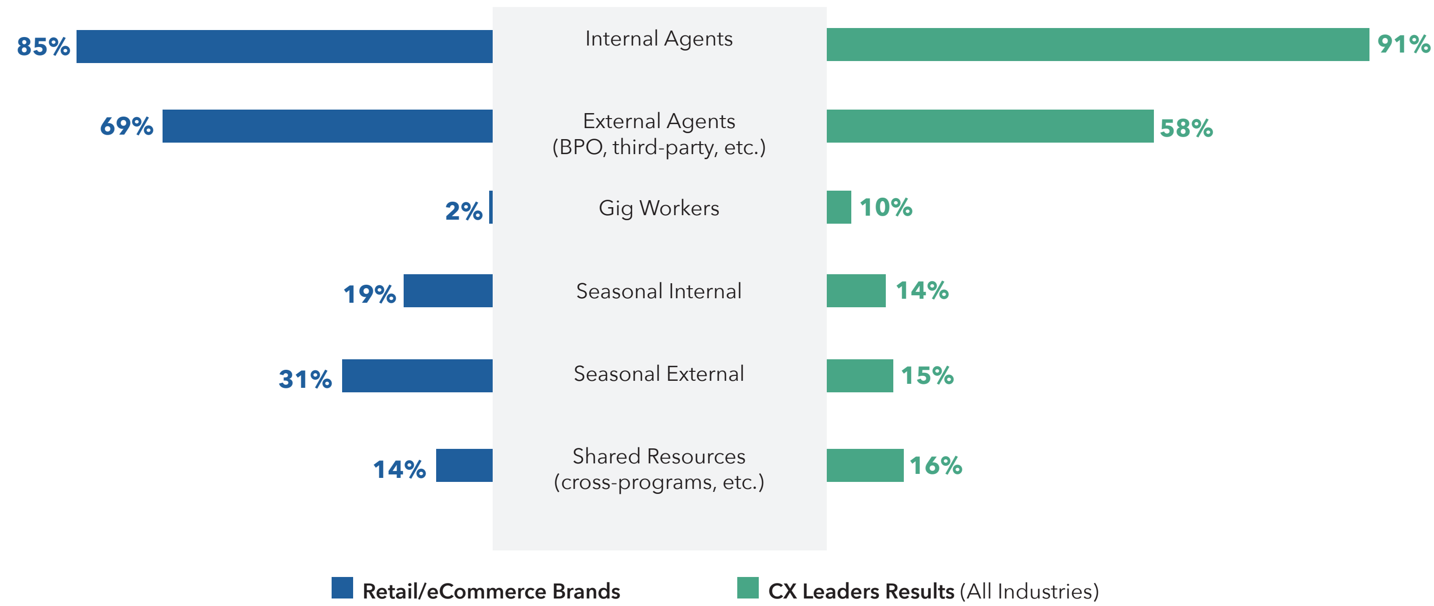
How has your contact center operations head count changed over the past 12 months?



OPERATIONS AND PERFORMANCE

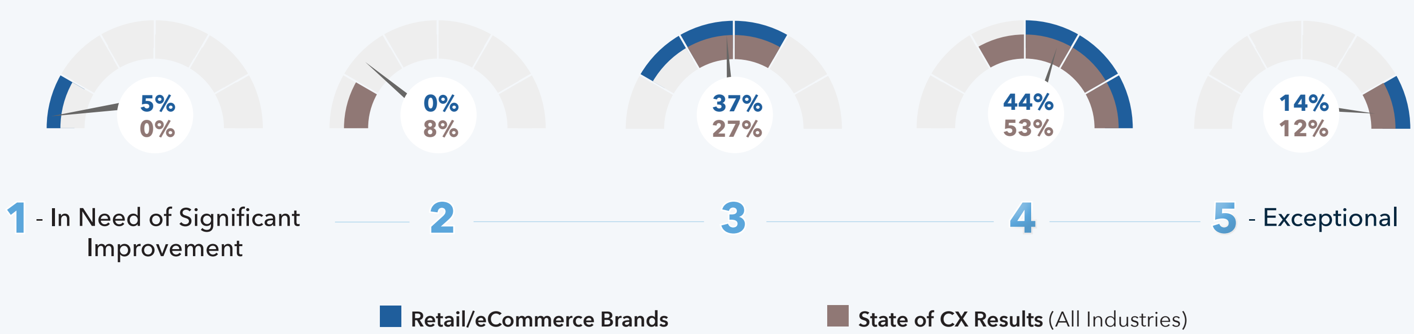
Compared to all industries, brands operating in the Retail/eCommerce space are more likely to deploy external agents (particularly when it comes to seasonal help) and far less likely to deploy gig workers. While the former can be expected, it's interesting that Retail/eCommerce brands appear to shy away from gig workers. Gig workers bring a variety of benefits, most notably cost and flexibility. Given that most retail brands are becoming 24-hour businesses online, and many are doing all they can to stretch resources, the gig workers are certainly a resource worth more exploration.

Which types of frontline workforce resources are deployed by your CX operations? (Select all that apply.)



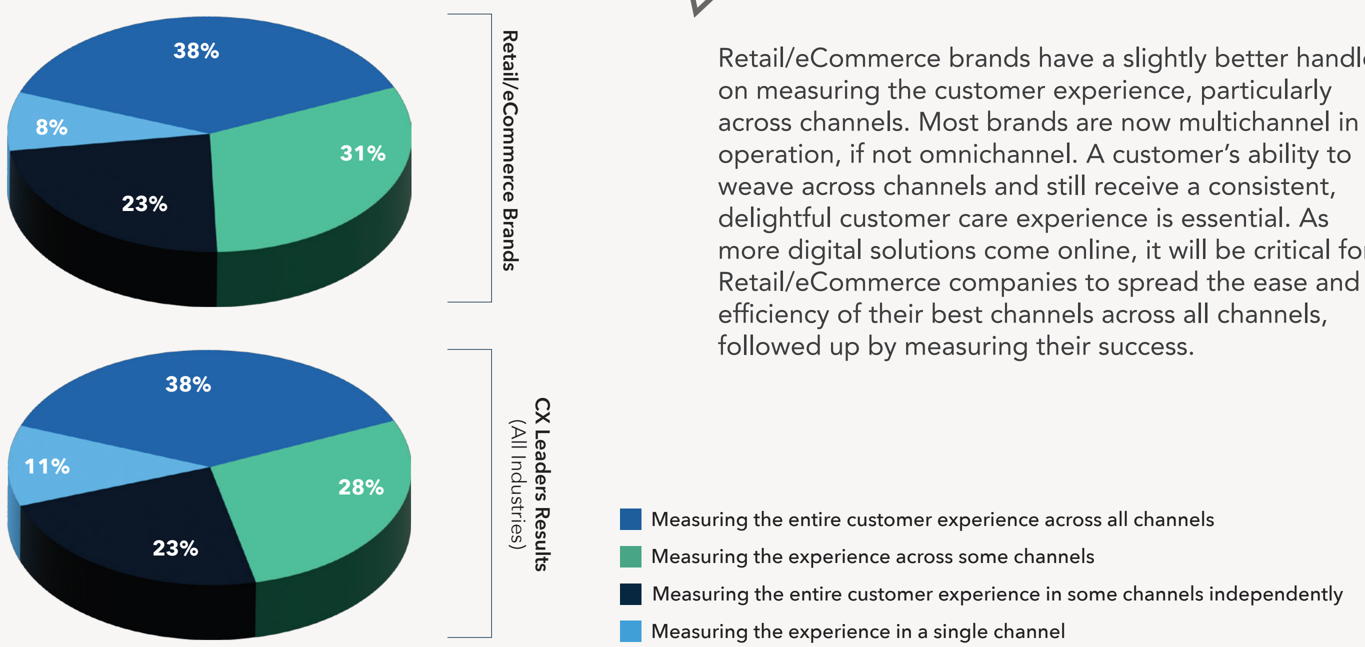
Retail/eCommerce brands fare about as well as brands across all industries in their self-assessment of the CX they provide. Fifty-eight percent of Retail/eCommerce brands give themselves a Top Two Box rating on a five-point scale, compared to 65% of brands across all industries. Like entertainment, travel, and hospitality, experience is a significant driver of loyalty and repeat business within the Retail/eCommerce space. Retail brands that invest in monitoring experiences they provide (including journey mapping, self-assessment, and thoughtful CSAT measurement, among other methods) benefit most from a brand's ability to transform delightful experiences into loyal customers.

On a five-point scale, how would you rate the customer experience (CX) provided by your company?



OPERATIONS AND PERFORMANCE

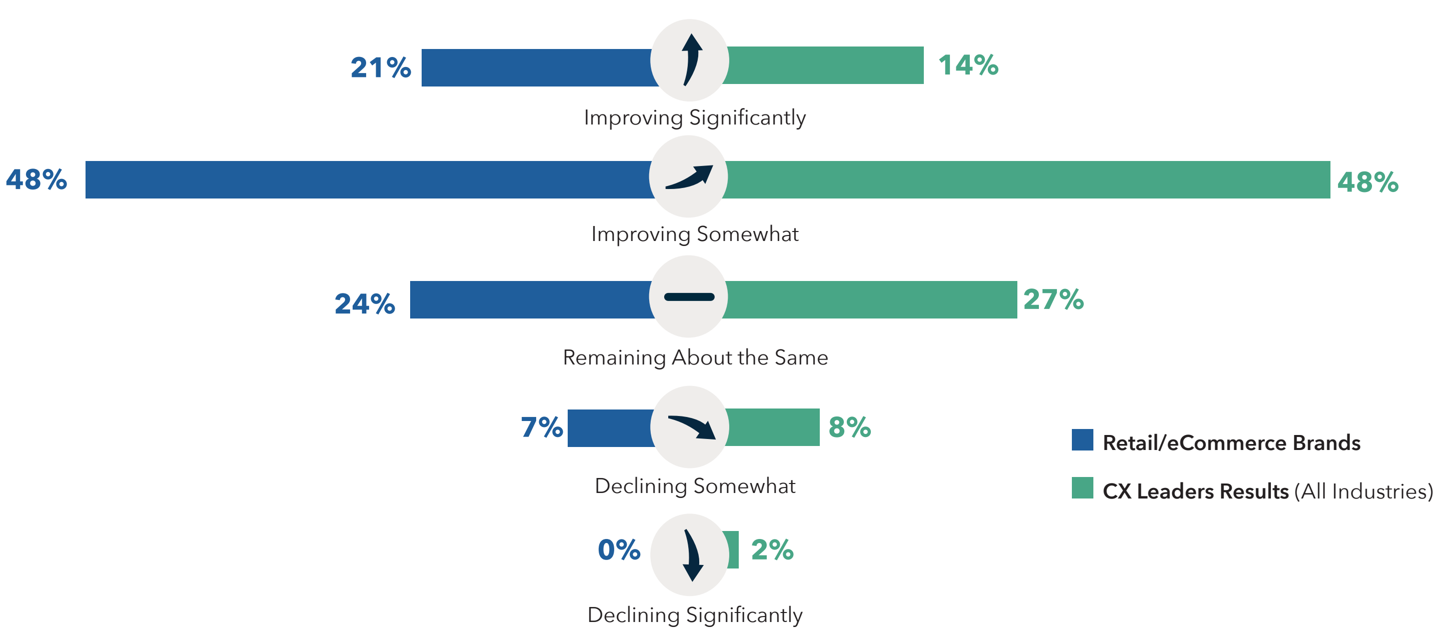
How would you describe how you are measuring the customer experience?



Retail/eCommerce brands have a slightly better handle on measuring the customer experience, particularly across channels. Most brands are now multichannel in operation, if not omnichannel. A customer's ability to weave across channels and still receive a consistent, delightful customer care experience is essential. As more digital solutions come online, it will be critical for Retail/eCommerce companies to spread the ease and efficiency of their best channels across all channels, followed up by measuring their success.

Compared to other industries, Retail/eCommerce brands appear to be on an uptrend in program performance. This is also confirmed by the consumer (page 23). It could be that Retail/eCommerce brands are seeing a reprieve from the challenges posed by the pandemic years. Alternatively, retail brands are finally hitting their stride with the new tools, technologies, and processes implemented during the pandemic years. The recent strategy of expanded channel options — including deployment of more and better self-help solutions as well as a renewed focus on agent soft skills — has proven to be a winning combination for consumers and program performance. As Retail/eCommerce brands weather economic storms, these investments will likely translate into greater business success.

Generally speaking, over the past 12 months, have your critical program KPIs been improving, declining, or remaining the same?

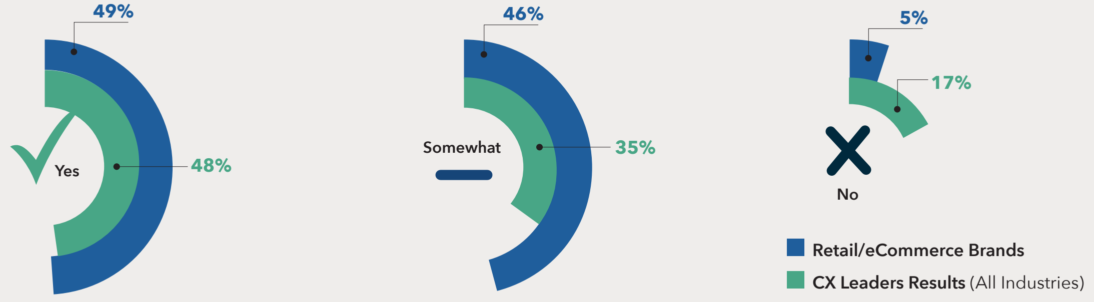


CHANNEL Management

CHANNEL MANAGEMENT

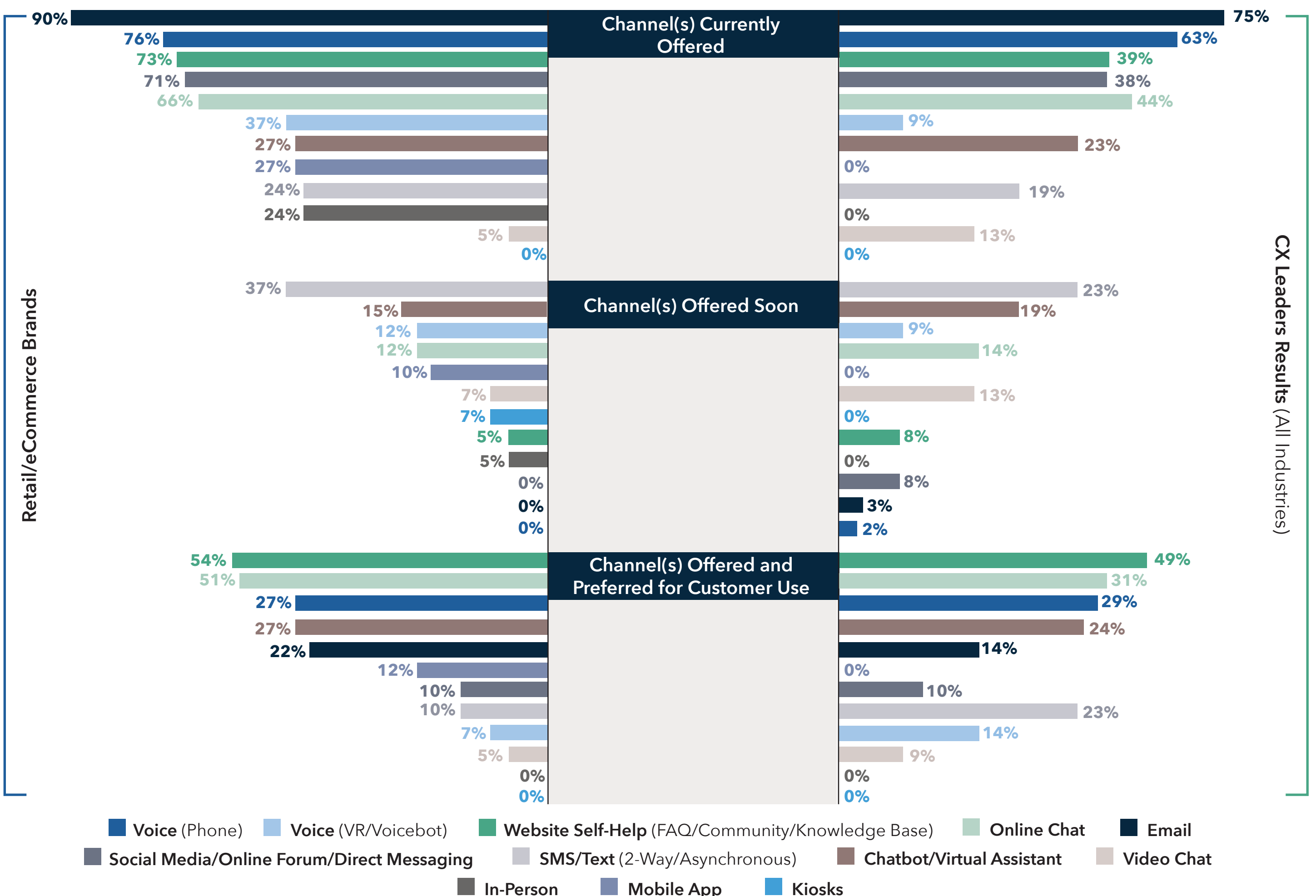
CX leaders in Retail/eCommerce were slightly more confident in their understanding of consumer channel preferences compared to their counterparts across all industries. Unfortunately, their confidence doesn't exactly match the opinion of consumers. Only 35% of Retail/eCommerce customers feel Retail/eCommerce brands have a good understanding of such matters (page 22). This result emphasizes the importance of tapping customer data to gain a clear perspective on which channels customers truly prefer to use now, or adopt in the future.

Do you believe your company has a good understanding of which channels your customers prefer to use?



Retail/eCommerce brands offer a wide range of channels. Email, Website Self-Help, Online Chat, and Social Media are standouts, averaging 75% across these four channel offerings, compared to an average of 49% for brands representing all industries. Perhaps this is why Retail/eCommerce brands are so confident about understanding consumer channel preferences. And while offering customer choice is important, Retail/eCommerce brands would do well to ensure their channel options are optimized based on factors like use, effectiveness, and CSAT. Broad channel offerings are having a positive impact on the customer experience in a measurable way.

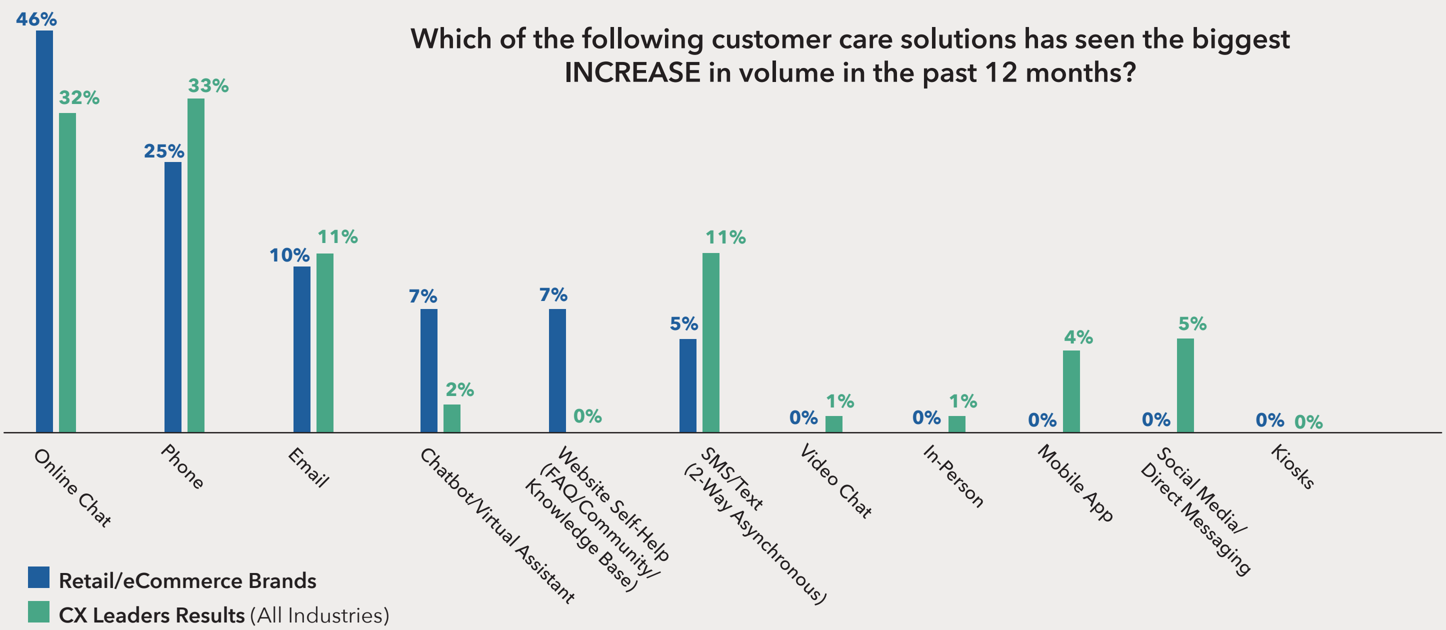
Which of the following customer care channels are offered by your company, and which channels do you prefer your customers use?

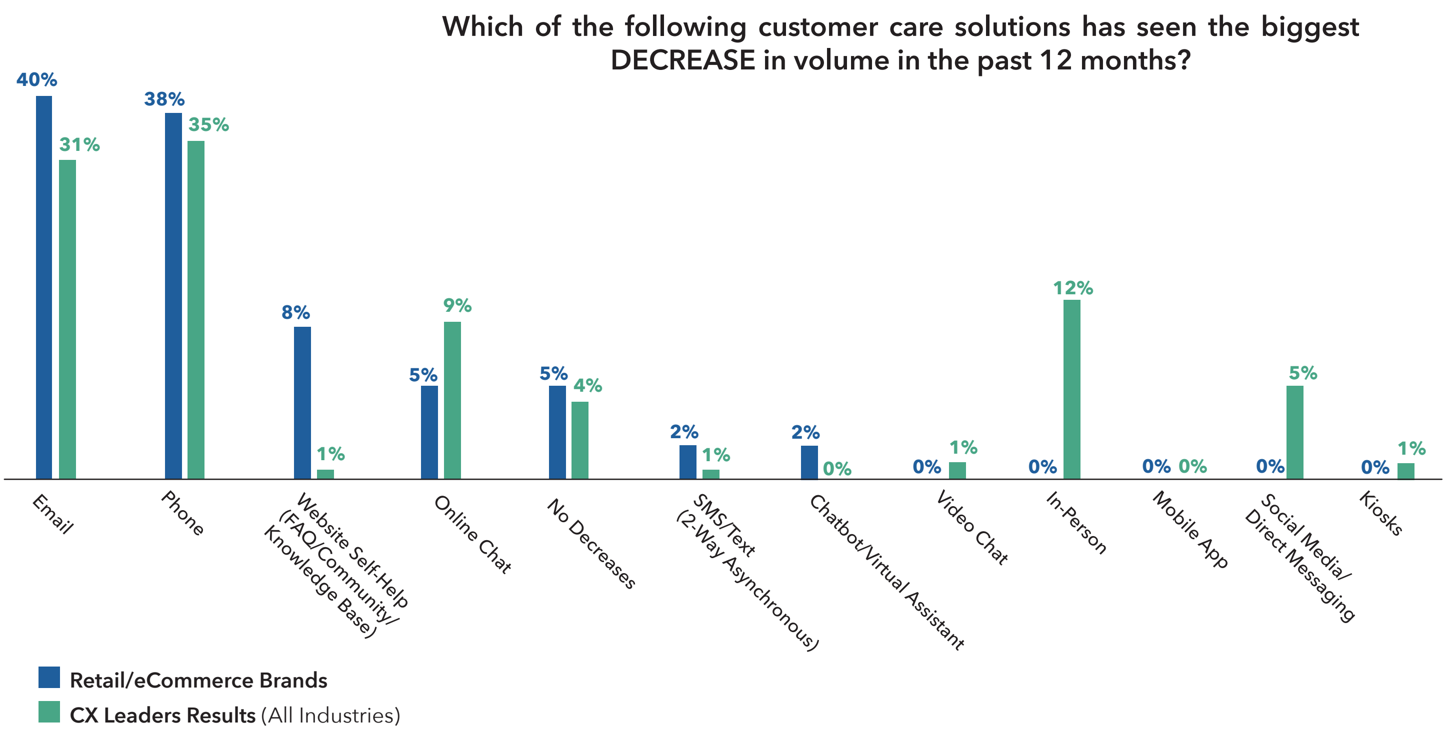


CHANNEL MANAGEMENT

Among Retail/eCommerce brands, most growth is being observed in the Online Chat channel, followed closely by Phone. Although these channels are the top growth drivers across industries, they differ greatly by degree as it applies to Retail/eCommerce. This result should catch the attention of Retail/eCommerce brands not yet offering an Online Chat solution, as well as brands in other industries given the forward-thinking track record of Retail/eCommerce companies as it applies to channel management.

Email continues to slip, as does Phone — although Phone also sees growth across all industries. In most cases, decreases are a result of consumer preferences, but poor experiences and/or channel ineffectiveness can also play a role. Brands should consider journey mapping and investigation of channel preferences of their specific customers.

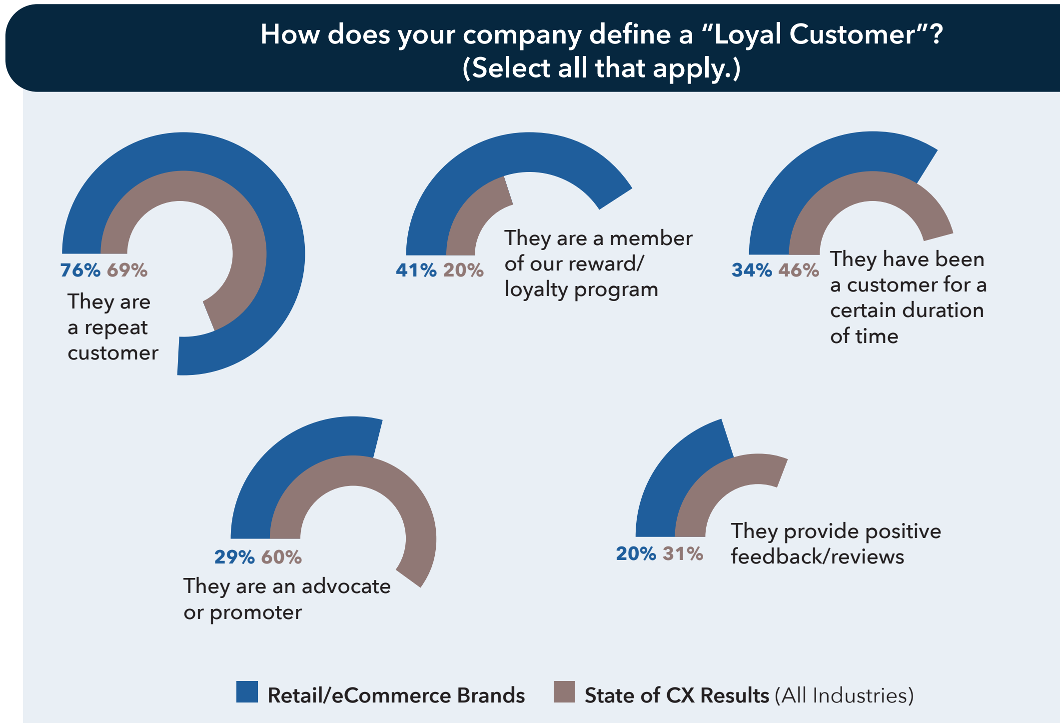




CREATING LOYALTY

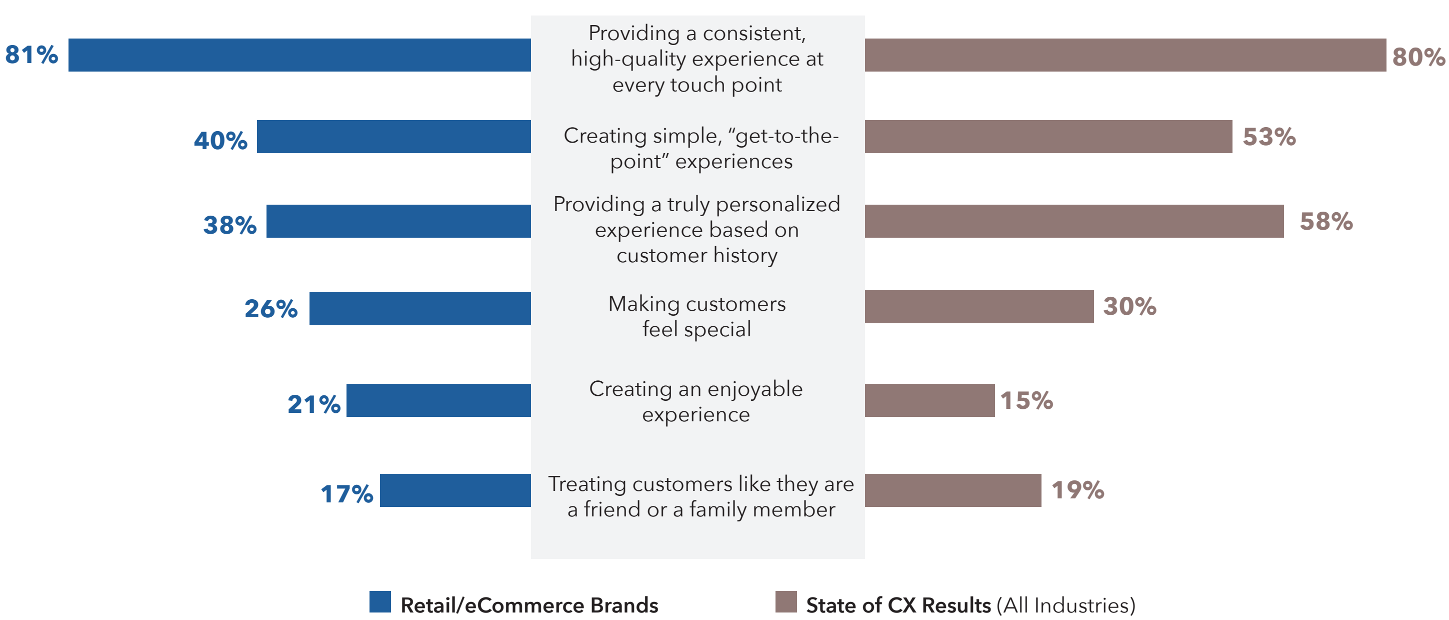
CREATING LOYALTY

Retail/eCommerce brands place great emphasis on reward/loyalty program membership when considering what makes for a loyal customer, as well as the measurement stick of repeat business. Retail/eCommerce brands seemed to gloss over two categories that seem to point to word of mouth: advocacy and the provision of positive feedback/reviews. Not only was "Word of Mouth" the second-highest response when consumers were asked what might entice them to try a new brand, about 30% of Loyalist and Non-Loyalist consumers felt advocacy and the providing of positive reviews were aspects that also defined a loyal customer (page 13).



Retail/eCommerce brands and brands across industries were well aligned in what they think makes for an exceptional customer experience. It starts with providing a consistent, high-quality experience across touch points. From there, it expands into greater personalization and a simplified experience. These aspects of care generally align with the consumers' opinions (page 16), although Retail/eCommerce customers place a bit more emphasis on feeling special and having an enjoyable experience, averaging 41% and 44% across Loyalist and Non-Loyalist customers, respectively. Retail/eCommerce brands should seek to understand what an enjoyable experience might mean to their customers, while also learning what might make their customers feel special. It's also an opportunity to learn from brands like Chewy and Zappos, which have made the act of "creating memorable brand moments" something of an art form.

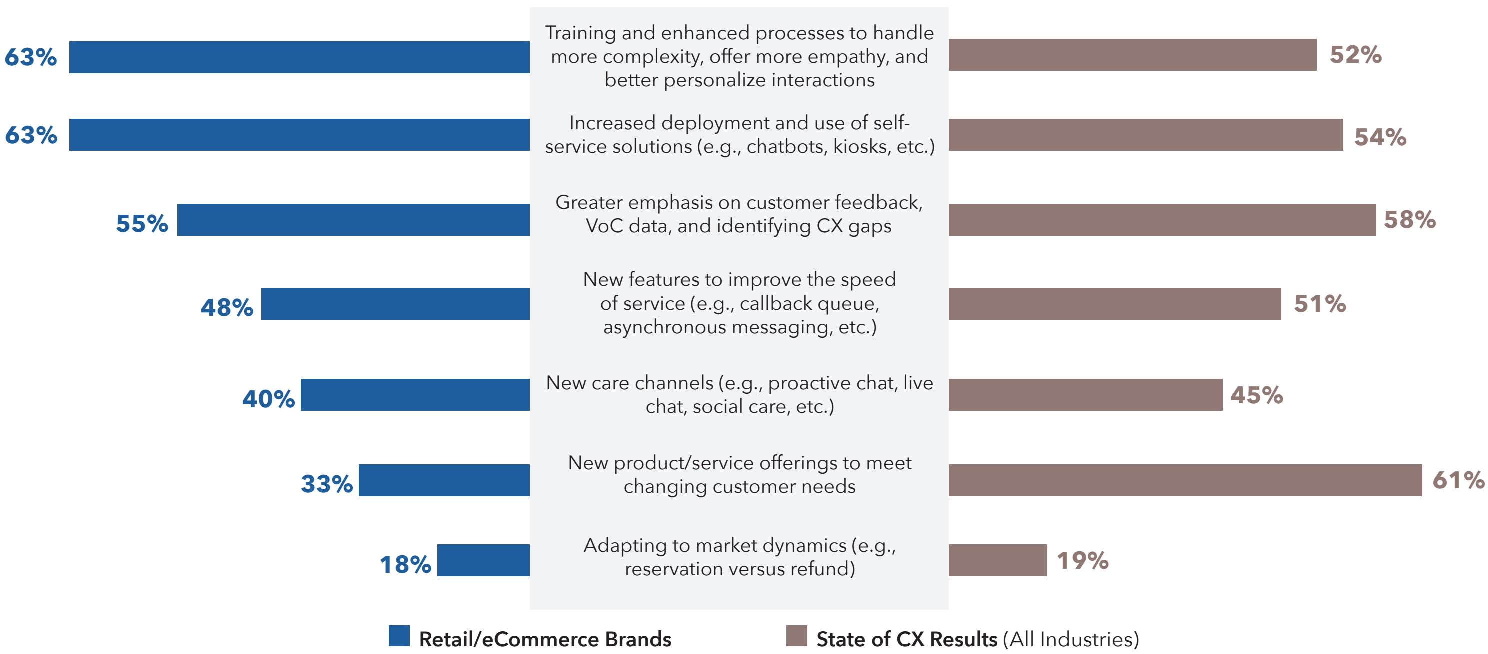
From your company's perspective, what do you think makes an exceptional customer experience? (Please select no more than three items.)



CREATING LOYALTY

Retail/eCommerce brands have been as active as their cross-industry counterparts in implementing projects to attract new customers, even targeting many of the same initiatives. Some implementations synergize well, like the push for more self-service solutions in combination with more training and enhanced process to handle more complex issues. As more contact center volume takes the self-service off-ramp, remaining engagements will naturally become more complex, requiring higher levels of both empathy and personalization. Greater reliance on customer data can help illuminate in which ways agents are best trained, while also shedding light on how receptive consumers are to new or revamped self-help solutions.

Which initiatives have you implemented over the last 18 months to increase customer loyalty and/or attract new customers? (Select all that apply.)



In what ways are your CX operations playing a role within the greater organization's mission to attract and retain customers?

"Based on our proven success in driving a better customer experience at substantially lower costs at BODi, mostly through self-service and automation, we have recently shifted our focus to accomplish three imperatives that are supported by the above findings:

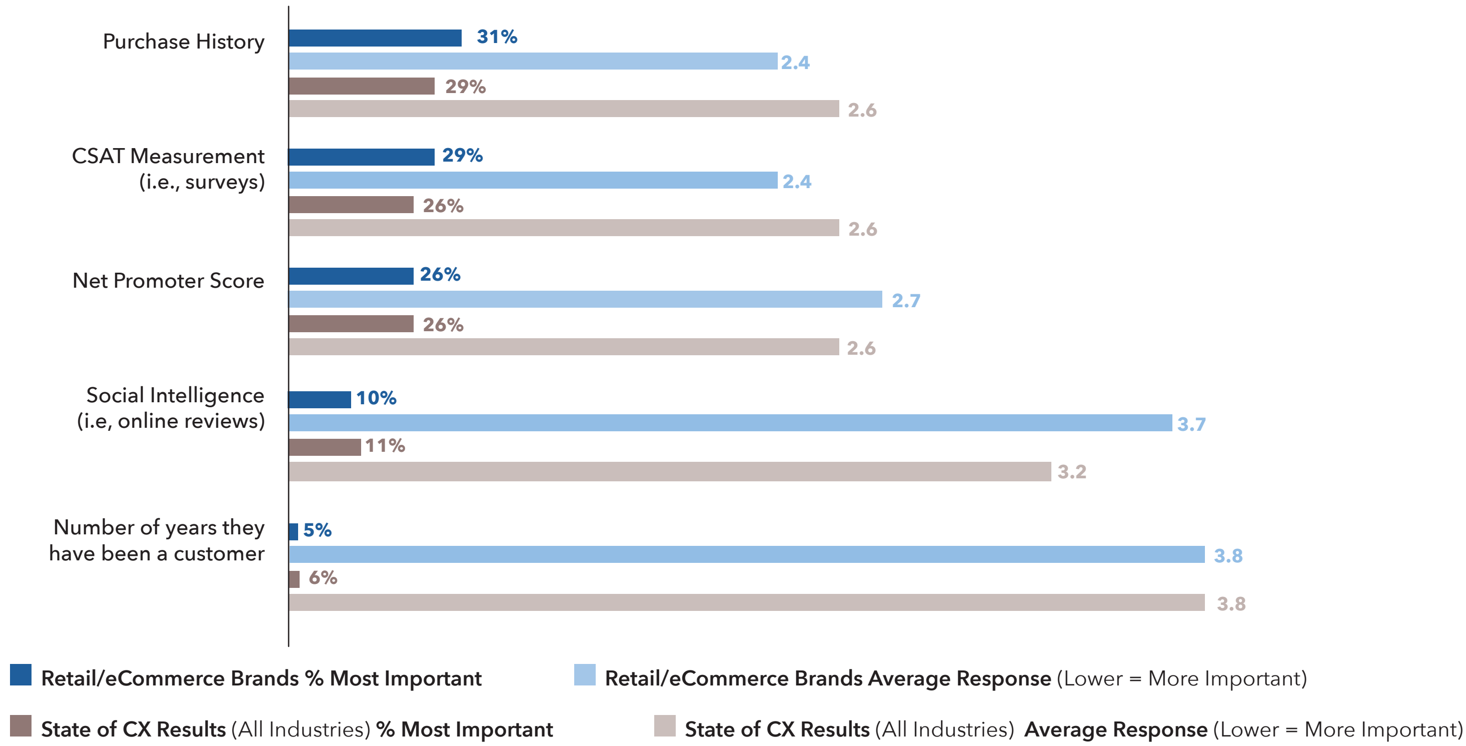
1. As only 10% of our contacts now reach an agent, we have shifted both our hiring profile and training to achieve what we call Agent 2.0. The savings from our lower contacts are partially being invested in higher compensation for the remaining agents, along with extended on-the-job practice handling challenging customer contacts.
2. We have focused more on Voice of the Customer feedback beyond our CSAT surveys, including social media, online customer journey feedback, and focus groups with our agents. This is packaged in summary form for our business partner executives and sent in real-time via Slack to our colleagues in technology and marketing.
3. We are helping the business increase revenue by driving both acquisition of prospects and retention of customers. This is accomplished by reducing friction in the purchase process, ensuring new promotions and launches work flawlessly, and adopting accountability for usage/optimization of our products by existing customers via value engagement. For example, we are deploying chatbots with a quick path to an agent for anyone that lingers too long on our eCommerce site — what we call "Assisted Check-Out." We are doing all of this, as well as both reinforcing purchase decisions for new customers and helping them extract maximum value from our products."

Todd Montgomery
EVP, Customer Engagement and Support
BODi

CREATING LOYALTY

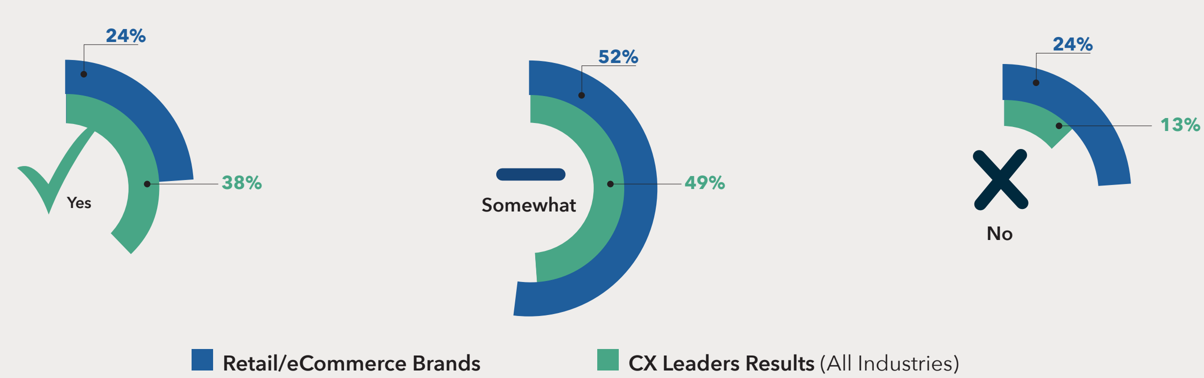
Across all industries, Purchase History, CSAT, and Net Promoter Score are in a three-way tie as the most important markers in measuring satisfaction and loyalty. These results were consistent, regardless of industry type, with Purchase History and CSAT being slightly more valued by Retail/eCommerce brands. Should economic conditions continue to tighten, promotion of "Customer Loyalty" is sure to take on additional urgency. Furthermore, the brands that will fare best will be those that appreciate the fact that building customer loyalty is a team sport, requiring support from across the organization. From marketing to product to customer care, loyalty is built with every brand touch point playing a vital role.

How do you rank the following in importance in terms of measuring customer satisfaction and/or loyalty? (1=Most Important; 5=Lease Important.)

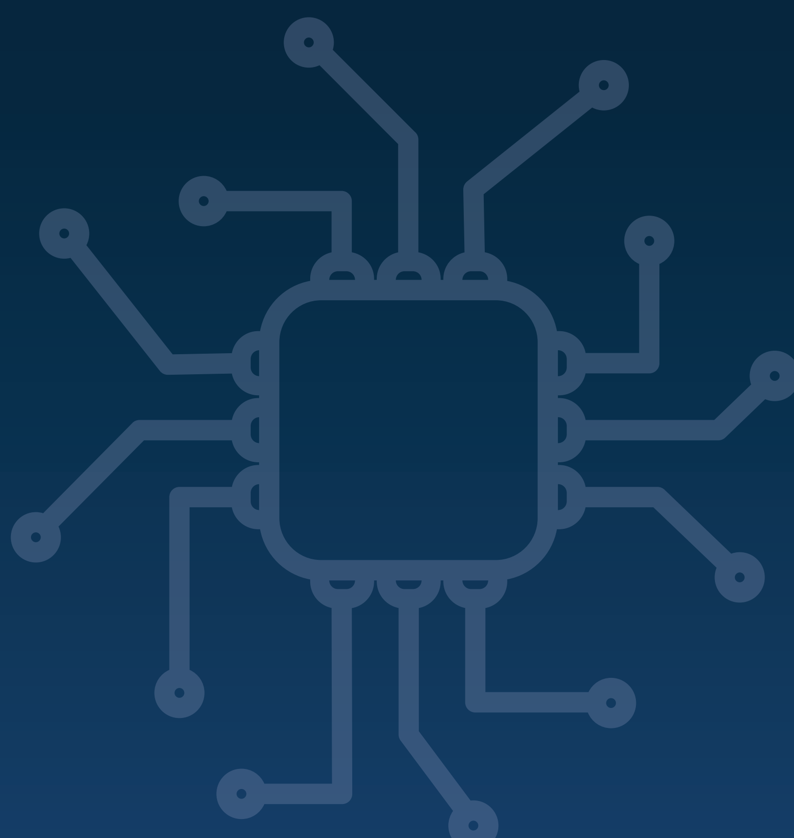


Compared to companies across all industries, Retail/eCommerce brands have less confidence in their ability to use CX operations to drive loyalty. This is an interesting result, and perhaps a case where survey respondents are underestimating their success in this area. But if Retail/eCommerce brands truly are falling short of this critical function, it presents an excellent opportunity for championing the impact of experience on loyalty. Not only is the CX organization in an ideal position to raise an organization's awareness of the importance of loyalty, doing so also presents opportunities for strengthening interdepartmental relationships by launching joint initiatives aimed at driving higher levels of customer loyalty.

Do you feel your organization does a good job of using its customer experience operations to drive customer loyalty?



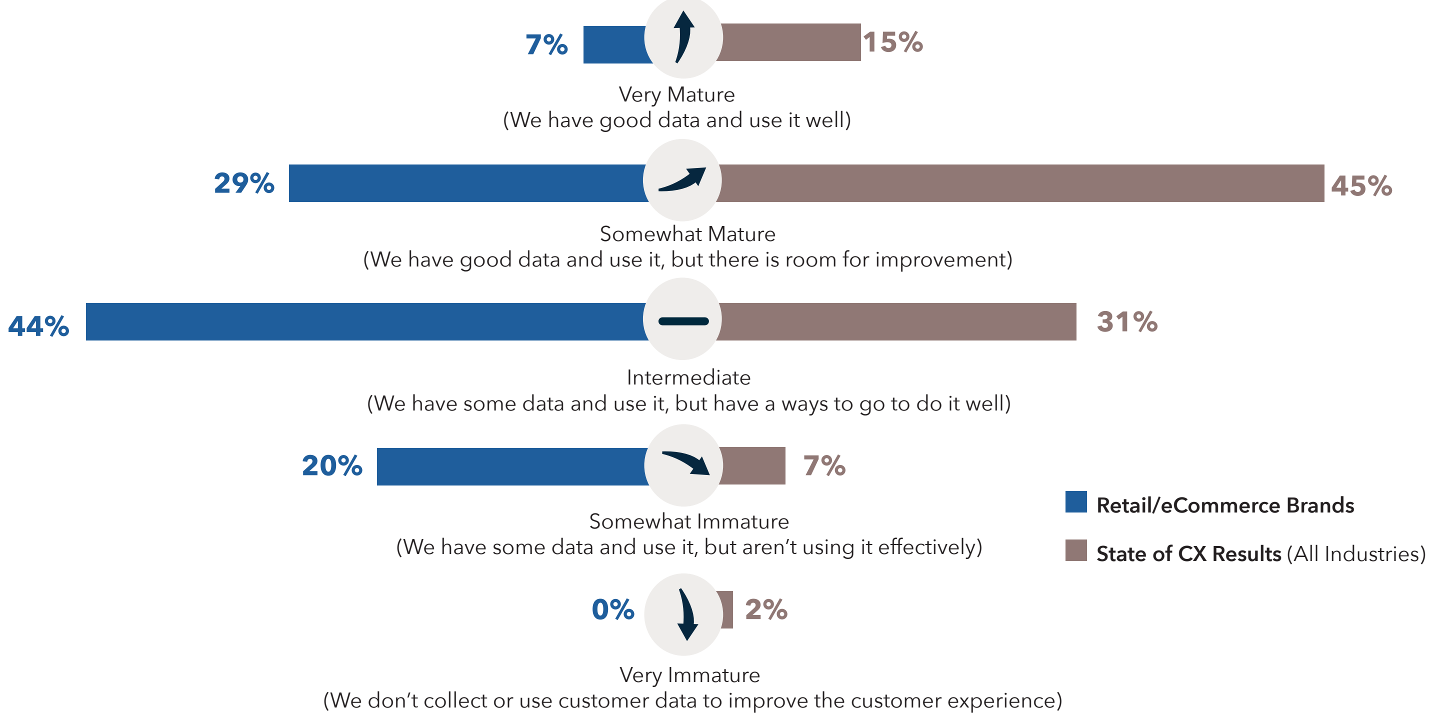
DATA AND CX TECHNOLOGY



DATA AND CX TECHNOLOGY

Not only do Retail/eCommerce CX leaders feel they are behind the curve on using CX to drive loyalty (page 53), they also perceive themselves to be behind using customer data to improve CX. This could, again, be a case of underestimating performance. Retail/eCommerce brands have some of the richest data of any vertical. In fact, no single Retail/eCommerce survey respondent indicated they fail to collect data. So perhaps what's happening is CX leaders in the retail space know they have a pile of great data, but they're unsure how to utilize the data. Corporate-focused communities like Execs In The Know's Know It All (KIA) can provide valuable opportunities for sharing ideas about a range of CX-related challenges, including how to make the most of customer data.

How would you describe your organization's maturity level in using customer data to improve the customer experience?



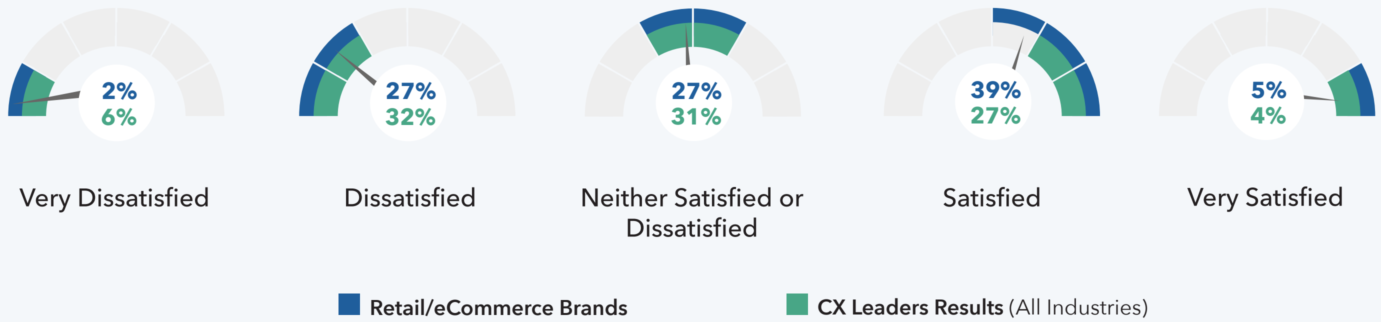
Survey respondents provided ideas on what they could and should be doing, as well as opinions on what's working. Most of the "could and should" ideas revolved around data management and access. This was a twofold challenge. Not only does the data need to be stored in a way that makes it usable, but also accessible for use. In such cases, brands should start small with a focused initiative and a narrow set of data. Once the value is proven, it becomes easier to build allies for a larger, more comprehensive initiative. Starting small also provides an opportunity to work out the kinks in processes, tools, and data management strategies.

What could or should your organization be doing differently to maximize the value of your program's data, and what is working best currently?

DATA AND CX TECHNOLOGY

In general, Retail/eCommerce CX leaders tend to be more satisfied with their technology stacks versus CX leaders from across all industries. That said, a high level of dissatisfaction is pervasive. Among CX leaders operating in the Retail/eCommerce space, 29% were either “Very Dissatisfied” or “Dissatisfied” with their tech stack, while 44% were either “Very Satisfied” or “Satisfied.” Dissatisfaction is likely as much the fault of the technology as it is the relationship between internal owners of that technology. To create greater satisfaction, CX and IT teams (as well as other stakeholders) must be aligned, engaged, and holding a shared vision of both business and customer needs.

Are you satisfied with your organization’s current CX technology stack?



Tech stack satisfaction leaves a lot to be desired, not only in retail, but across industries. What has been key in boosting tech stack satisfaction at your organization?

“At FTD, our technology not only enhances the Floral Gifting E-Commerce transactions of our consumers, but our technology also enhances and drives the experience of our local Florist Members — small business flower shops all over the United States. In post-bankruptcy, our focus was to reduce the tech stack and modernize and simplify the experience for consumers, associates, and florists. Modernizing the experience, when surrounded by deeply outdated legacy systems, was daunting. Where do you even start? The promises of the future sounded great, but the road to get there was very hard to define. We had to solve these key things: high contact rates, lots of refunds, depressing NPS, and tons of human interaction to reactively solve problems. Contacts come in all directions and for many reasons. They must be channel agnostic. As an organization, we started with something that touches everything — our Order Management System (OMS). From there we overlaid an all in one omni-channel, people-centered contact center tool.

The combination of a clear corporate vision to be customer-centric, associate empowering, and deploying modern, simple tools in our new and still improving tech stack has resulted in 183% NPS Improvement, 40% reduction in refunds, 33% reduction in customer contacts, and a 53% reduction in human interaction on contacts. These are powerful metric-driven results and something our collaborative Customer Service, Technology, and Customer Experience teams are very, very proud of. As a leader, no matter how daunting, you can’t get to the top of the cliff without starting the climb using the right equipment, working as a team, and not being afraid to fall.”

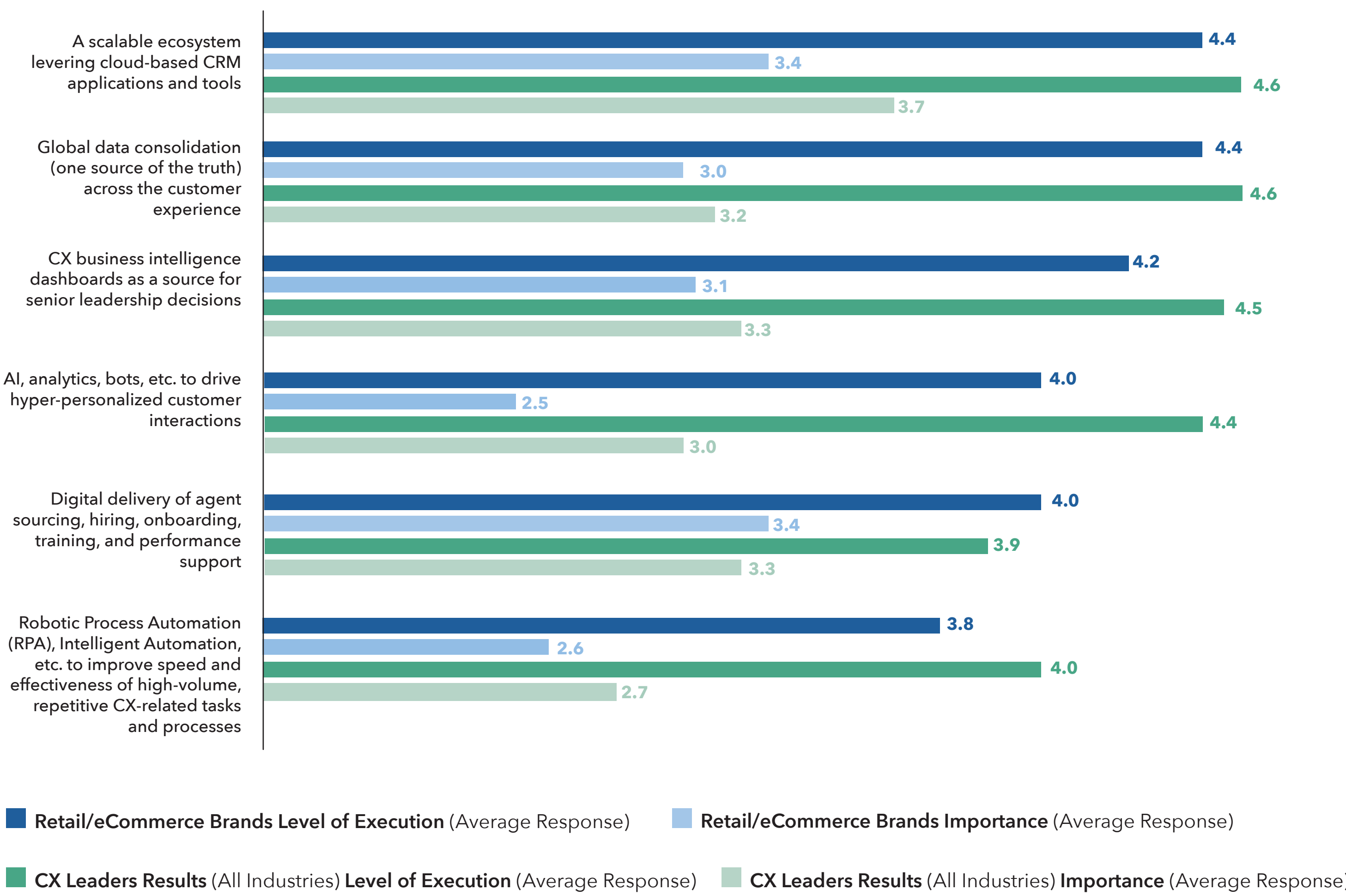
John McCahan
Vice President, Customer Care

FTD 1910

DATA AND CX TECHNOLOGY

In analyzing the gap between which technology integrations are considered important and the current level of deployment, Retail/eCommerce brands need to take stock of where they are in their use of AI, analytics, and other technologies to drive hyper-personalized customer interactions. This is an area where Retail/eCommerce consumers are relatively open to change (page 29), and it's now well understood that personalized experiences can drive positive engagements and higher rates of loyalty if properly executed. Alongside this priority, global data consolidation also sees a sizable gap between importance and execution. A single source of truth sets the table for creating a true omnichannel experience for customers, and it's also essential for maximizing the value of customer data. And Retail/eCommerce brands aren't the only companies that need to better execute in these two critical areas (AI and global data consolidation) — brands across all industries see a similar gap between importance and execution. This means there is ample opportunity for cross-industry leaders to emerge in these areas.

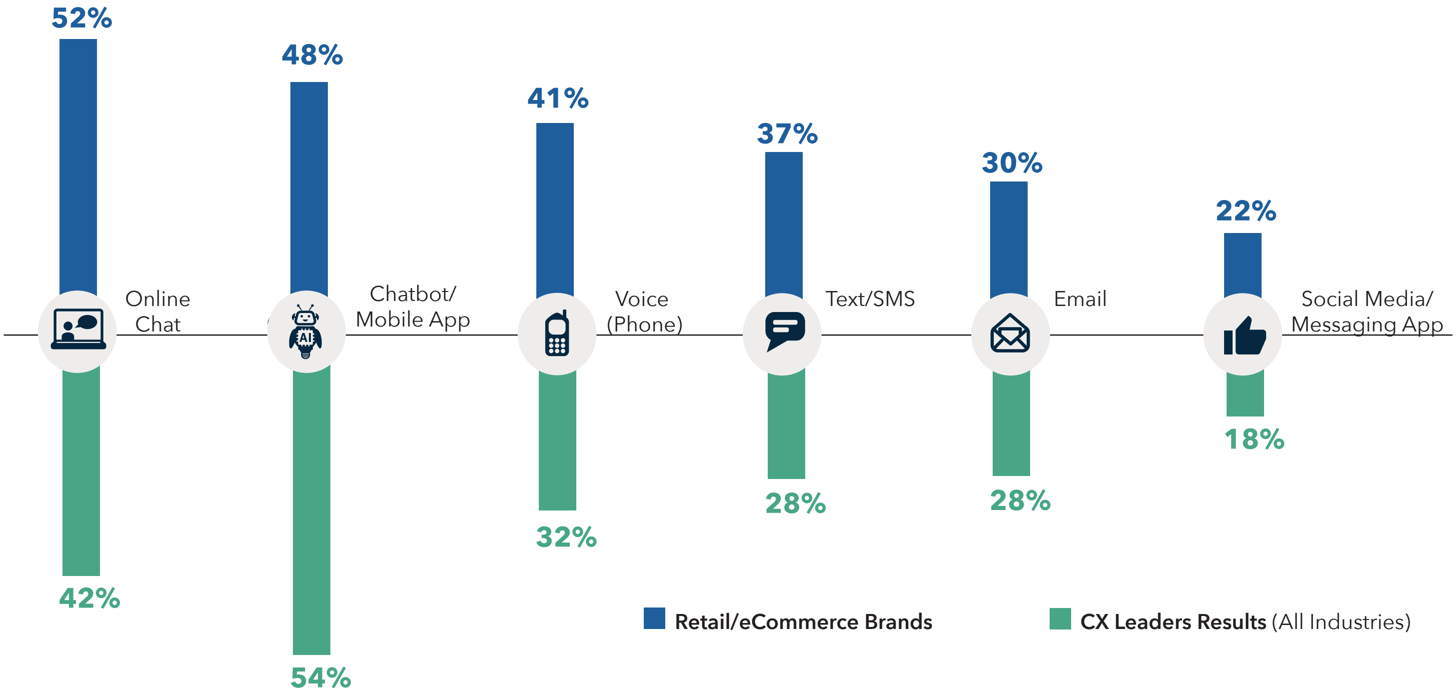
How would you describe the importance of integrating the following technologies within a CX program, and what is your organization's level of deployment/use?



DATA AND CX TECHNOLOGY

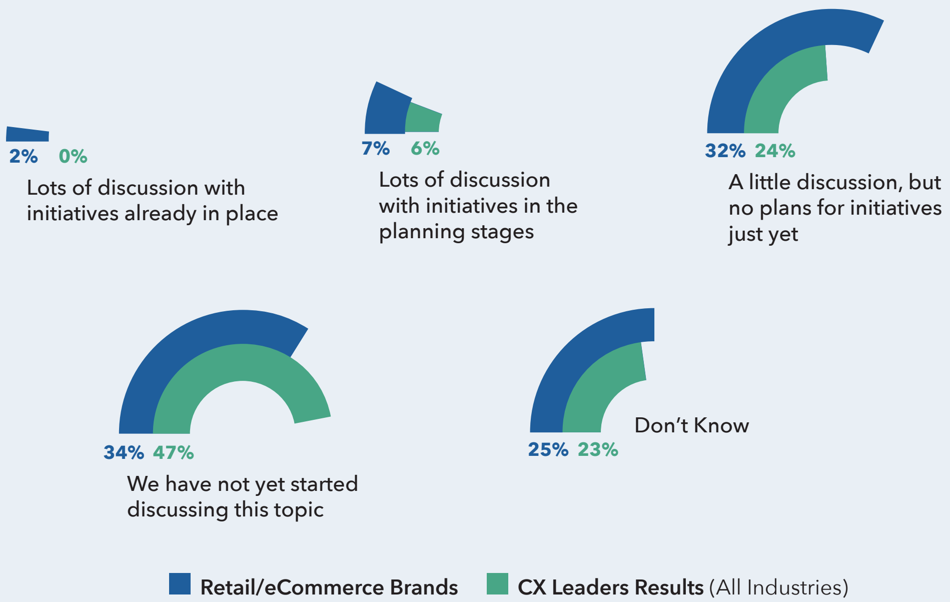
With the exception of Chatbot/Mobile App, Retail/eCommerce brands are deploying AI-powered solutions across more channels than the average company representing all industries. This is good news for Retail/eCommerce customers, as 34% are positive about the use of AI in creating better experiences (page 29), and this number grows larger as the demographics skew younger. Truly, AI is in its infancy. The brands that are involved now will benefit from maturing alongside new technologies. As the technology improves, so, too, will the earliest adopters.

In which specific channels are you deploying customer-facing or customer-supporting AI-powered solutions? (Select all that apply.)



In what capacity is your company in discussing the implications of the metaverse, Web 3.0, NFT, and digital ownership?

Retail/eCommerce brands are slightly out in front in terms of discussions and actions involving emerging technologies, including NFTs, the metaverse, and digital ownership. Like AI, the earliest movers will benefit from early adoption. Whether a brand is ready to act or not, it's a space worth watching. Brands would do well to keep watch on gaming and entertainment sectors, as area leaders are already beginning to emerge and establish themselves in this ecosystem.



The Corporate Viewpoint

CONCLUSIONS

KEY FINDINGS:

- Eighty-one percent of corporate survey respondents indicated they are not experiencing any supply chain issues impacting either the health of the company or the contact center (page 35)
- "Managing Cost, Including Rising Operational Costs" is expected to be the biggest CX challenge among most (56%) Retail/eCommerce brands in the coming 12 months (page 40)
- Sixty-nine percent of Retail/eCommerce brands have seen improvement in their critical program KPIs over the past 12 months (page 46)
- Only 36% of Retail/eCommerce brands consider themselves "Very Mature" or "Somewhat Mature" in using customer data to improve the customer experience compared to 60% across all industries (page 55)

The Retail/eCommerce sector was one of a handful of industries massively disrupted and reshaped by the global pandemic. From supply chain issues to a complete remapping of product delivery and how consumers behave in-store, Retail/eCommerce brands (especially brick-and-mortar retail) were forced to rethink the way they do business.

Three and a half years after the onset of the pandemic, it looks (at least in the eyes of the consumer) like the changes have been mostly successful. Retail/eCommerce customers are generally happy with the service they are receiving. That said, Retail/eCommerce brands acknowledge higher levels of persistent, pandemic-related challenges compared to cross-industry brands, with 80% seeing "Some" or "Significant" persisting challenges compared to 70% of cross-industry brands. And while Retail/eCommerce companies might not be growing as fast as their cross-industry counterparts, most (57%) of the Retail/eCommerce brands that participated in surveying did indicate their business grew in the past 12 months compared to 72% of cross-industry brands.

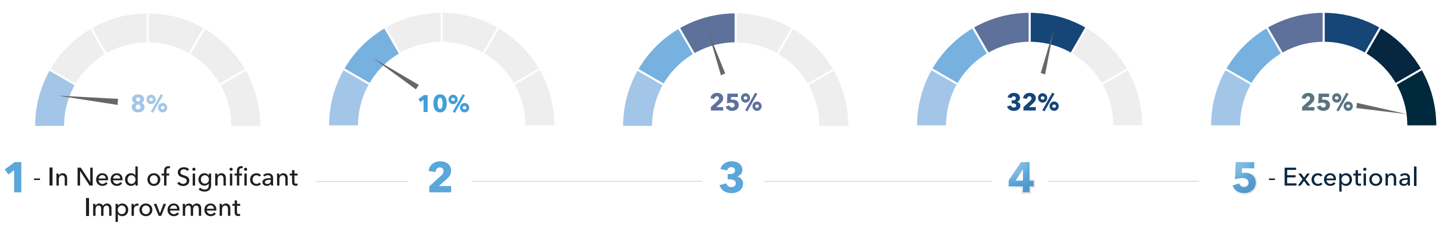
Retail/eCommerce brands also indicated they were more proactive in addressing economic headwinds in comparison to cross-industry brands, with 93% of Retail/eCommerce brands already taking action compared to 74% of cross-industry brands. This goes hand-in-hand with what 56% of Retail/eCommerce brands see as their biggest CX challenge in the coming12 months: Containing Costs. While business needs must be met, CX leaders will need to strike a careful balance between building on past CX wins for the customer and servicing the financial needs of the company.

CONSUMER AND CORPORATE *Comparisons*

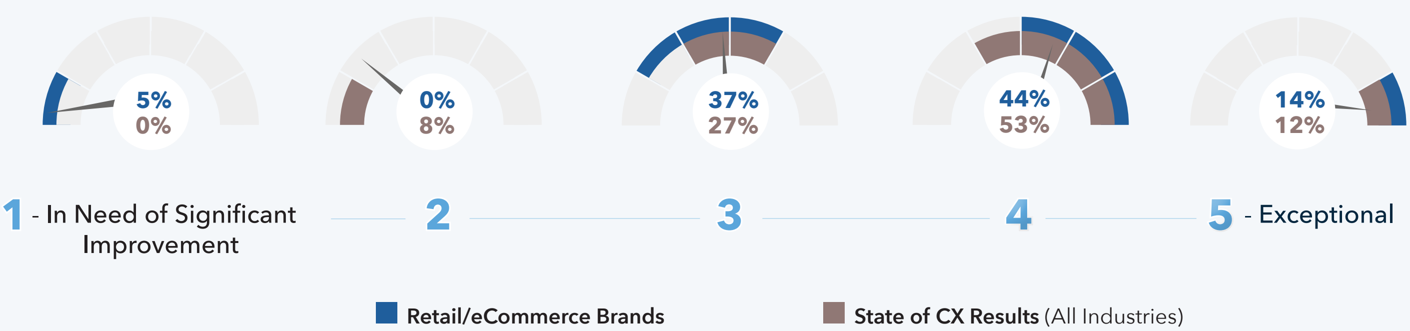
CURRENT EXPERIENCE

CX leaders are accurate in self-assessing the customer experience they are providing. On a five-point scale, 58% of corporate Retail/eCommerce survey respondents rate the customer experience they are providing at a four or five, compared to 57% of consumers who have had a customer care experience in the past 12 months. To create an exceptional experience, brands need to target what matters most to consumers, including creating consistent, simple, enjoyable experiences at every touch point, as described on page 16.

On a five-point scale, how would you rate this most recent, complete customer experience?



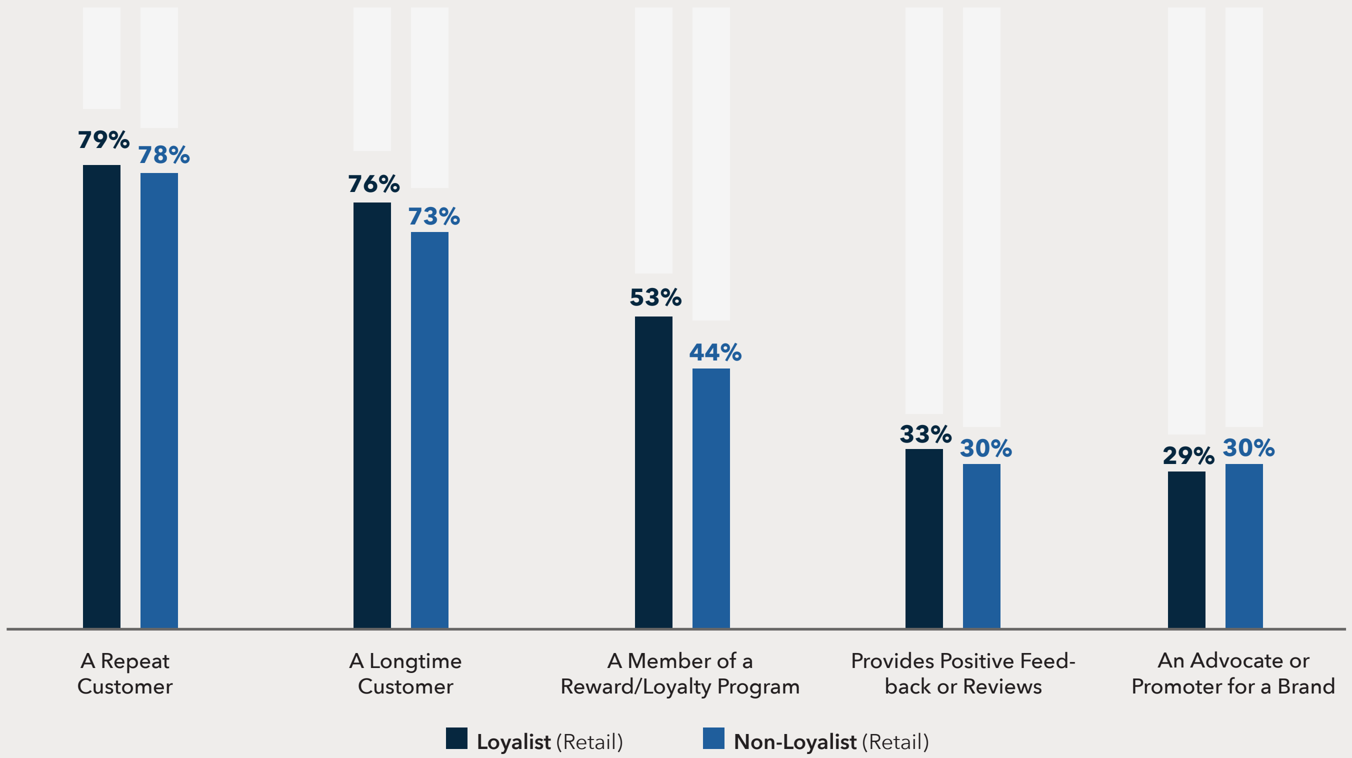
On a five-point scale, how would you rate the customer experience (CX) provided by your company?



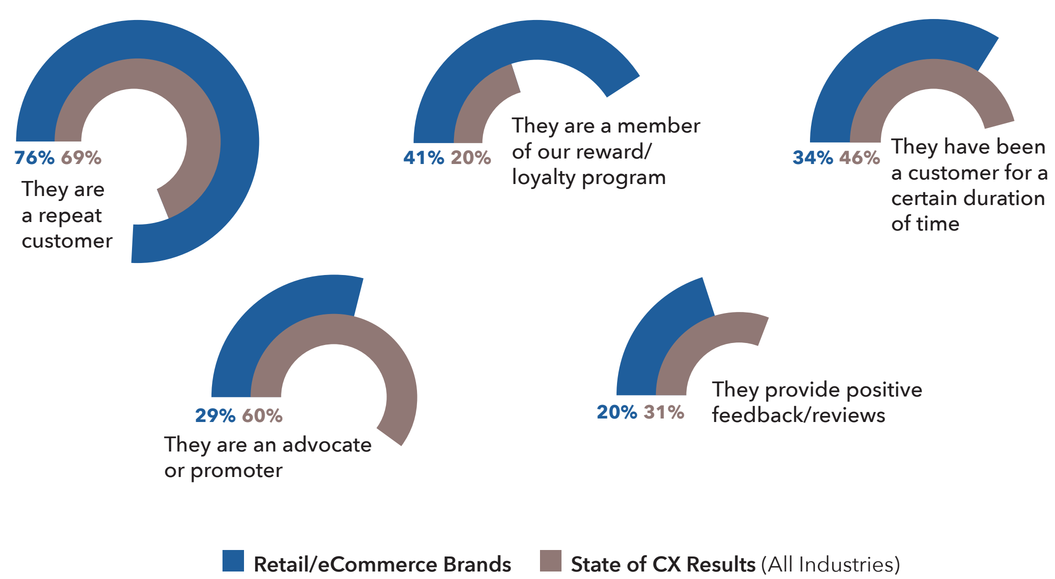
DEFINING LOYALTY

"Repeat Business" is paramount to how consumers and CX leaders define a "Loyal Customer." But, there are differences in how consumers and CX leaders (especially those from the Retail/eCommerce sector) define loyalty. Particularly, how long a person is a customer, and whether or not a customer advocates for a brand. If consumers identify in this way, brands should consider how they might embrace (or even reward) activities like public advocacy, particularly on social media and other high-visibility platforms like review sites and discussion boards.

How do you define a "Loyal Customer"? (Select all that apply.)



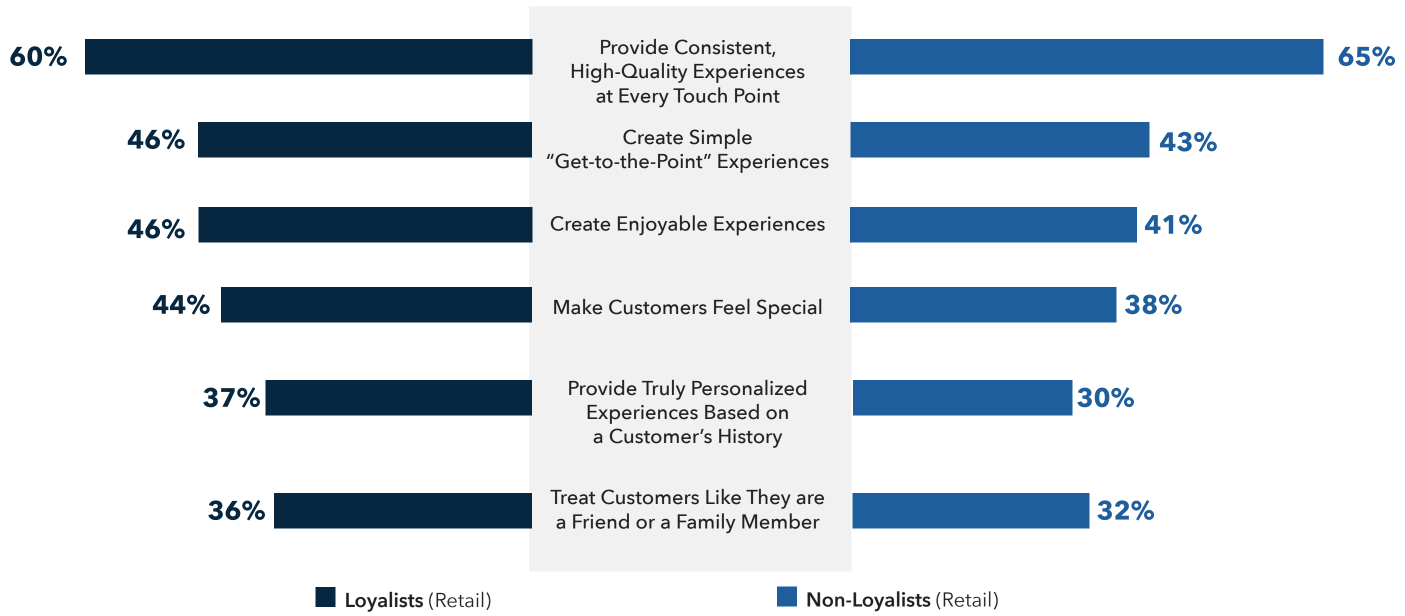
How does your company define a "Loyal Customer"?
(Select all that apply.)



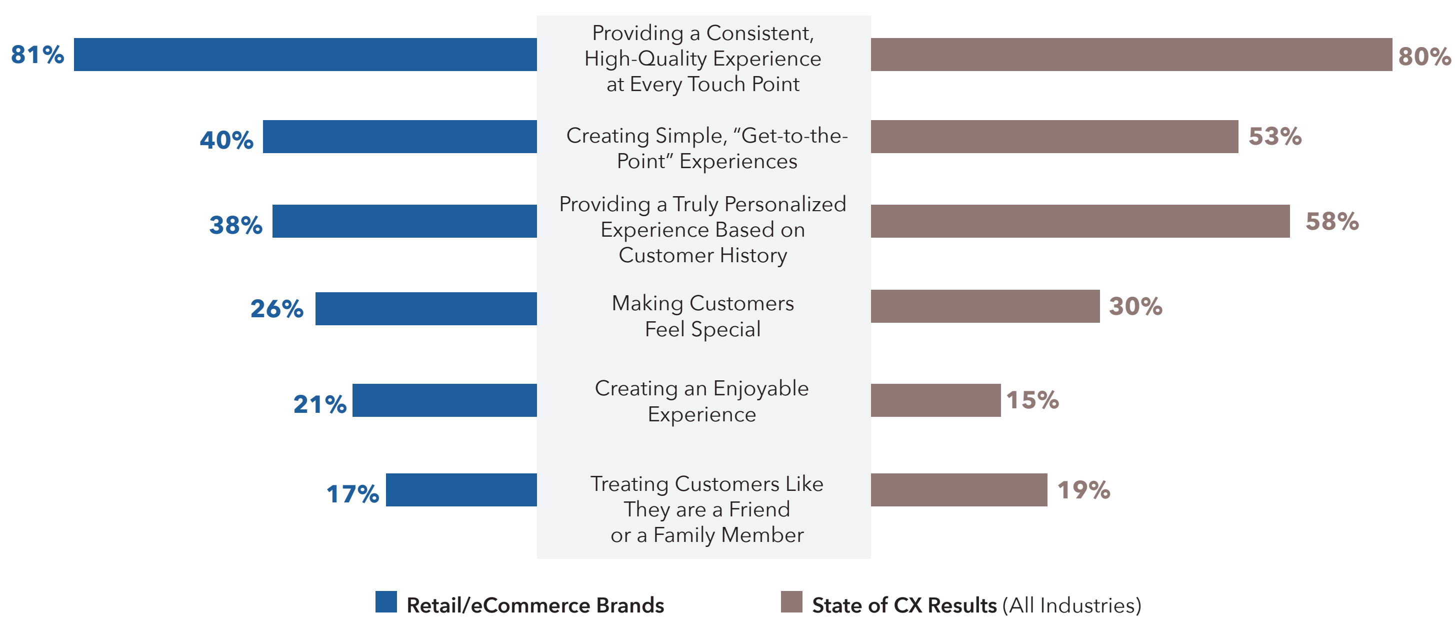
CREATING AN EXCEPTIONAL EXPERIENCE

Consumers and CX leaders universally agree that quality and consistency across channels, as well as simplicity, are key to providing an exceptional customer care experience. Furthermore, consumers expect the experience to be enjoyable, regardless of whether they consider themselves to be brand loyal or not. "Loyalist" customers also value receiving a personalized experience based on their purchase and history with a brand.

From your perspective, what do you think Retail/eCommerce brands need to do to create an exceptional customer experience? (Please select no more than three items.)



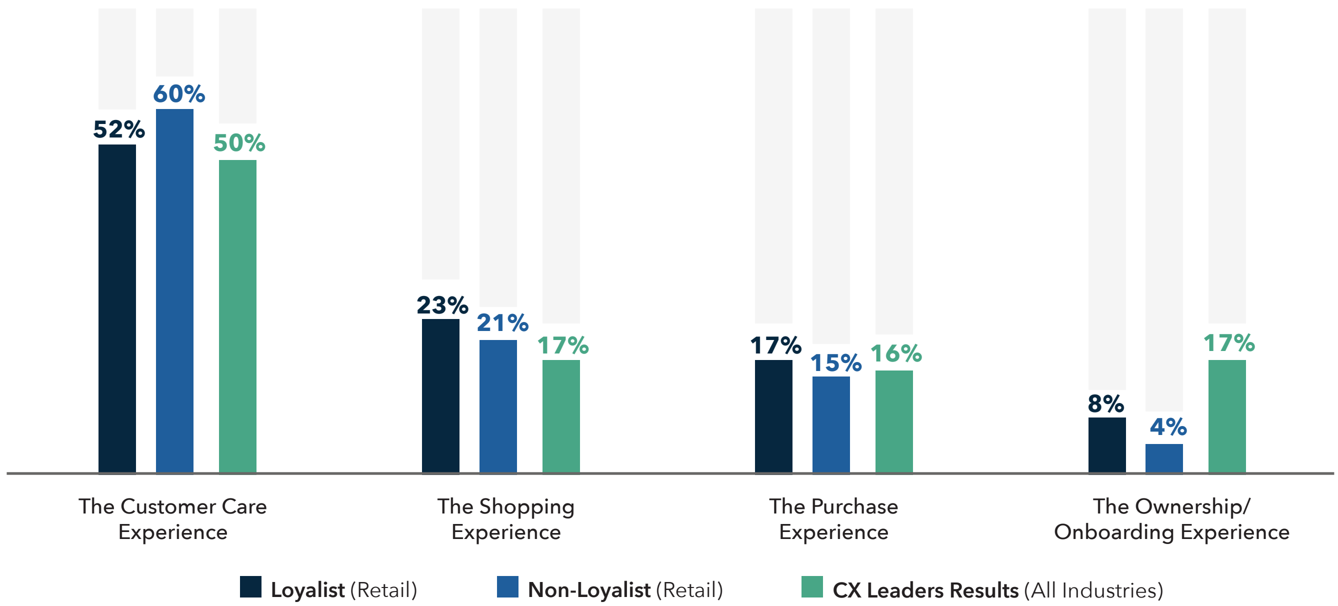
From your company's perspective, what do you think makes an exceptional customer experience? (Please select no more than three items.)



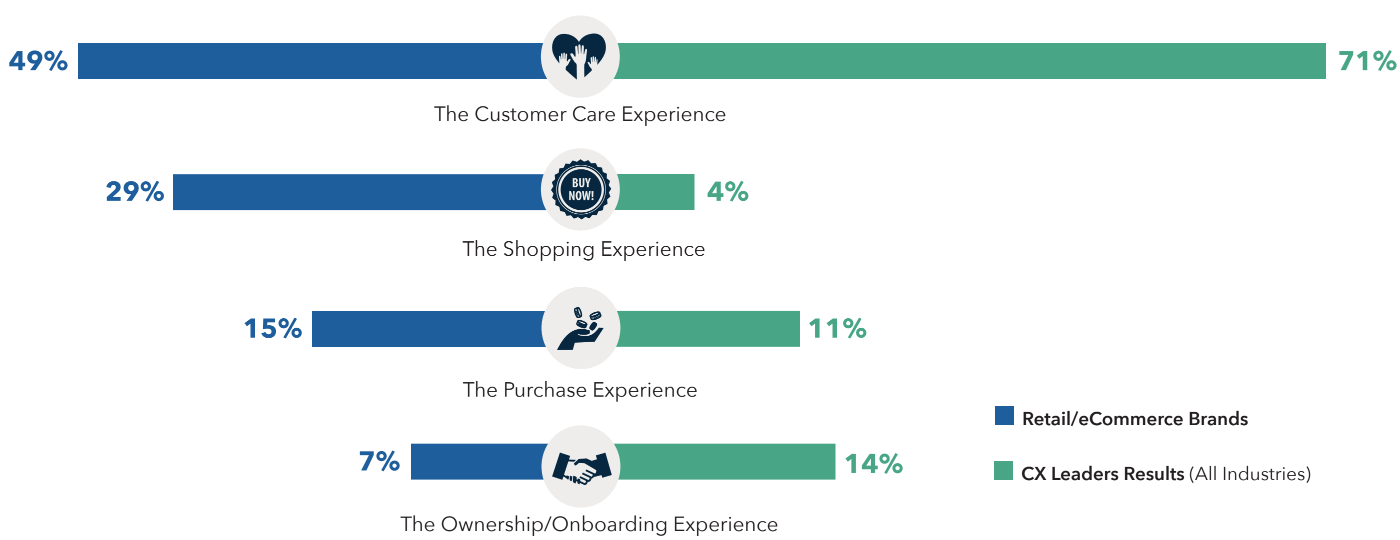
WHERE TO FOCUS IMPROVEMENTS

Even though CX leaders operating in the Retail/eCommerce space divide their attention between Customer Care and Shopping Experiences, there is still tremendous focus on the Customer Care Experience. This aligns well with where consumers focus their attention, including consumers across all verticals.

Where do you think Retail/eCommerce brands should focus their improvement efforts?



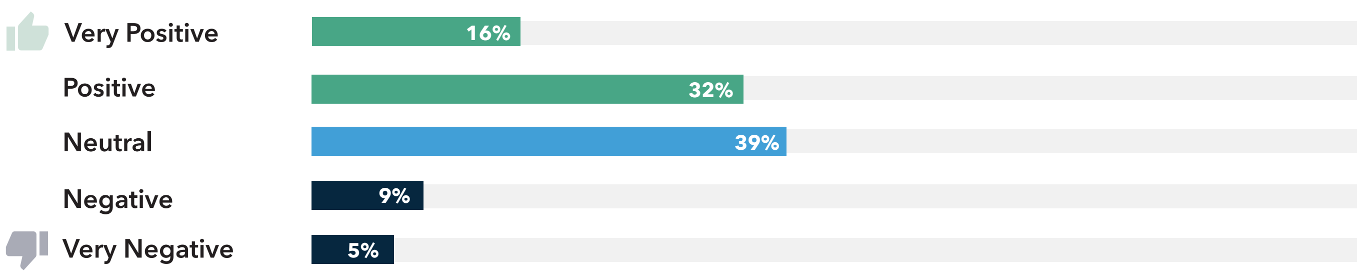
Where do you think consumers feel Retail/eCommerce brands should focus their improvement efforts?



USING CUSTOMER DATA

When looking at consumer acceptance of Retail/eCommerce brands use of customer data to create better and more personalized customer care experiences, an opportunity presents itself. Forty-eight percent of consumers have a "Very Positive" or "Positive" feeling about brands utilizing such customer data, yet only 36% of Retail/eCommerce brands consider themselves to be "Very Mature" or "Mature" in utilizing customer data to improve customer experience. By closing this gap, Retail/eCommerce brands are delivering better experiences to customers.

How do you feel about Retail/eCommerce companies using demographic, customer feedback, customer history, and other data to create customized, personalized experiences?

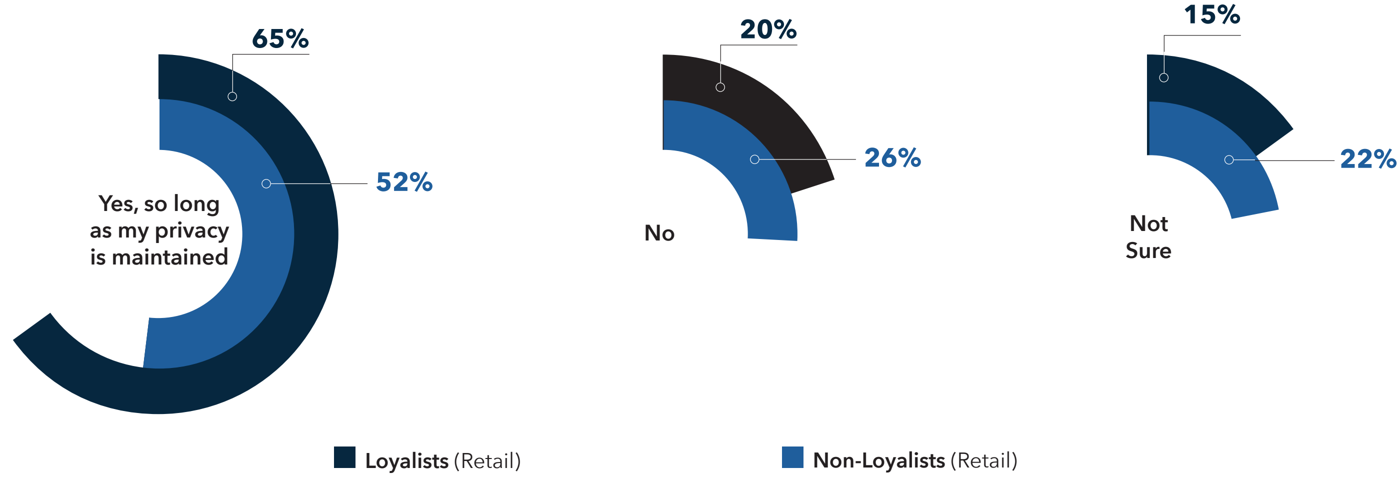


How would you describe your organization's maturity level in using customer data to improve the customer experience?

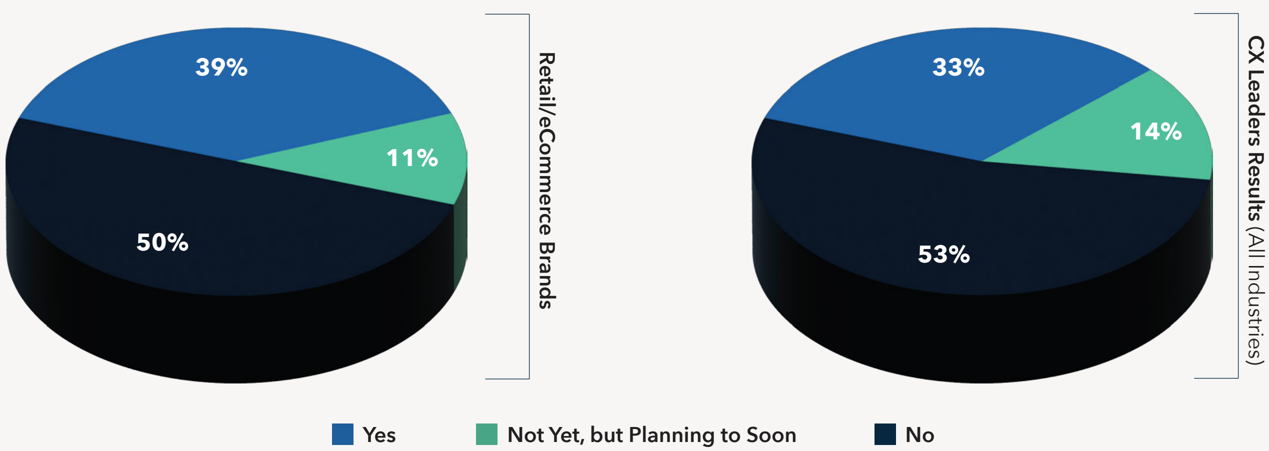
USING DEMOGRAPHICAL DATA

Consumers are generally accepting of Retail/eCommerce brands using specific data (in this case, demographical data) to personalize and improve the customer care experience. The gap between consumer acceptance (65% for "Loyalists" and 52% for "Non-Loyalists") and the level of execution (39% for Retail/eCommerce brands) illustrates an opportunity. If brands are already committing resources to collecting and storing such data, they should consider using it.

Are you okay with Retail/eCommerce companies using your demographics (like age and location) to personalize your customer care experience?



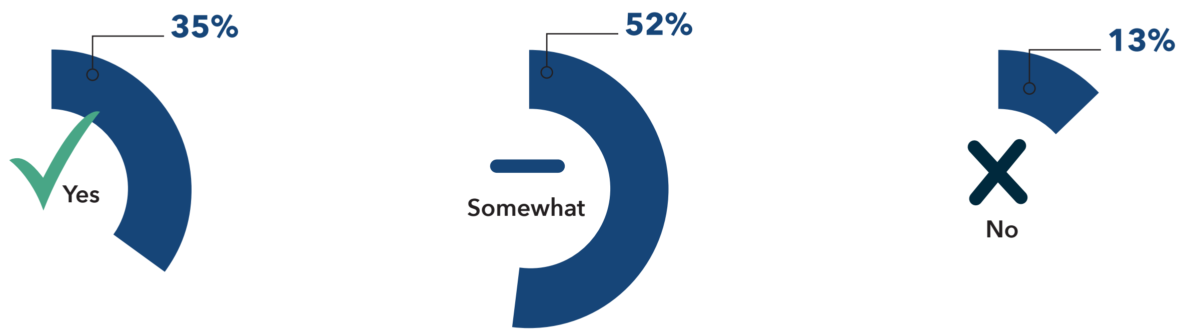
Are you using the demographics (incl. age) of your customers to strategize solutions and processes within your CX organization?



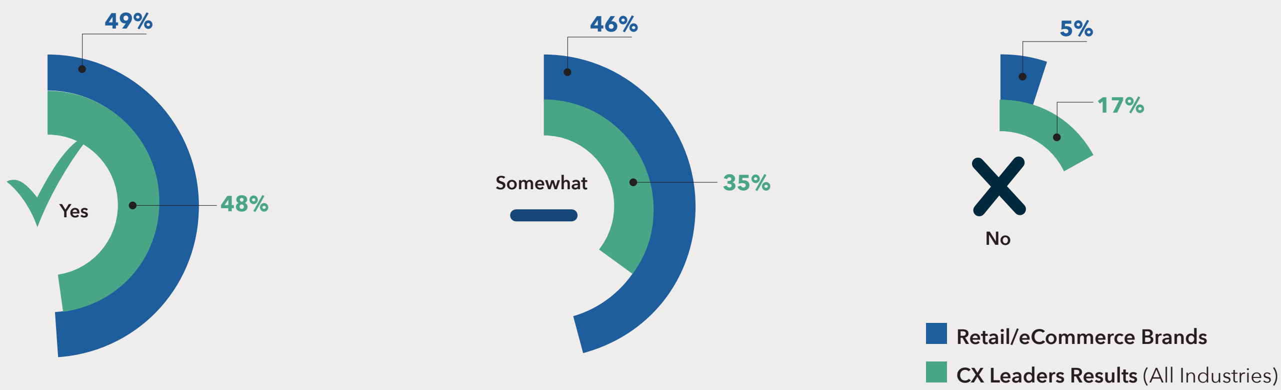
CHANNEL PREFERENCES

In a rare instance where the opinions of Retail/eCommerce CX leaders are misaligned with those of their customers, 49% of survey respondents feel they have a good understanding of which channels their customers prefer to use. Only 35% of consumers feel Retail/eCommerce brands have a good understanding of their channel preferences. The consumers surveyed were screened for having had a customer care experience with a Retail/eCommerce brand within the past 12 months. Given this disconnect, brands should consider refreshing their insights into the channel preferences of their customers, and devise methods for constantly monitoring those preferences for changes.

Do you think Retail/eCommerce companies have a good understanding of the customer care solutions (including phone, email, chatbot, and in-person) you like to use?



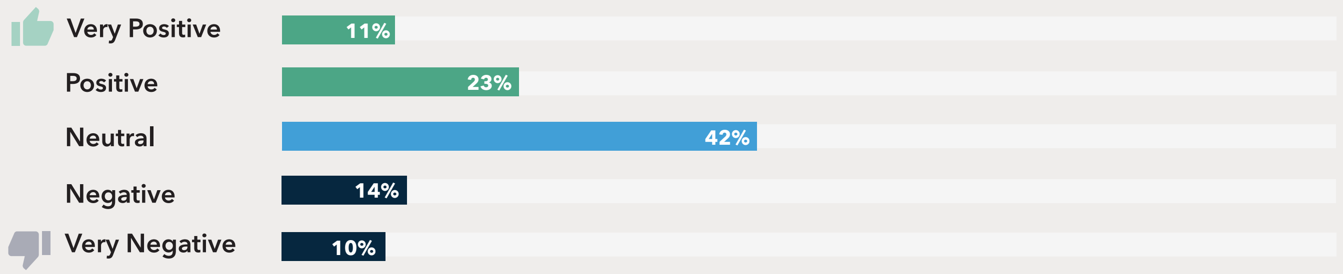
Do you believe your company has a good understanding of which channels your customers prefer to use?



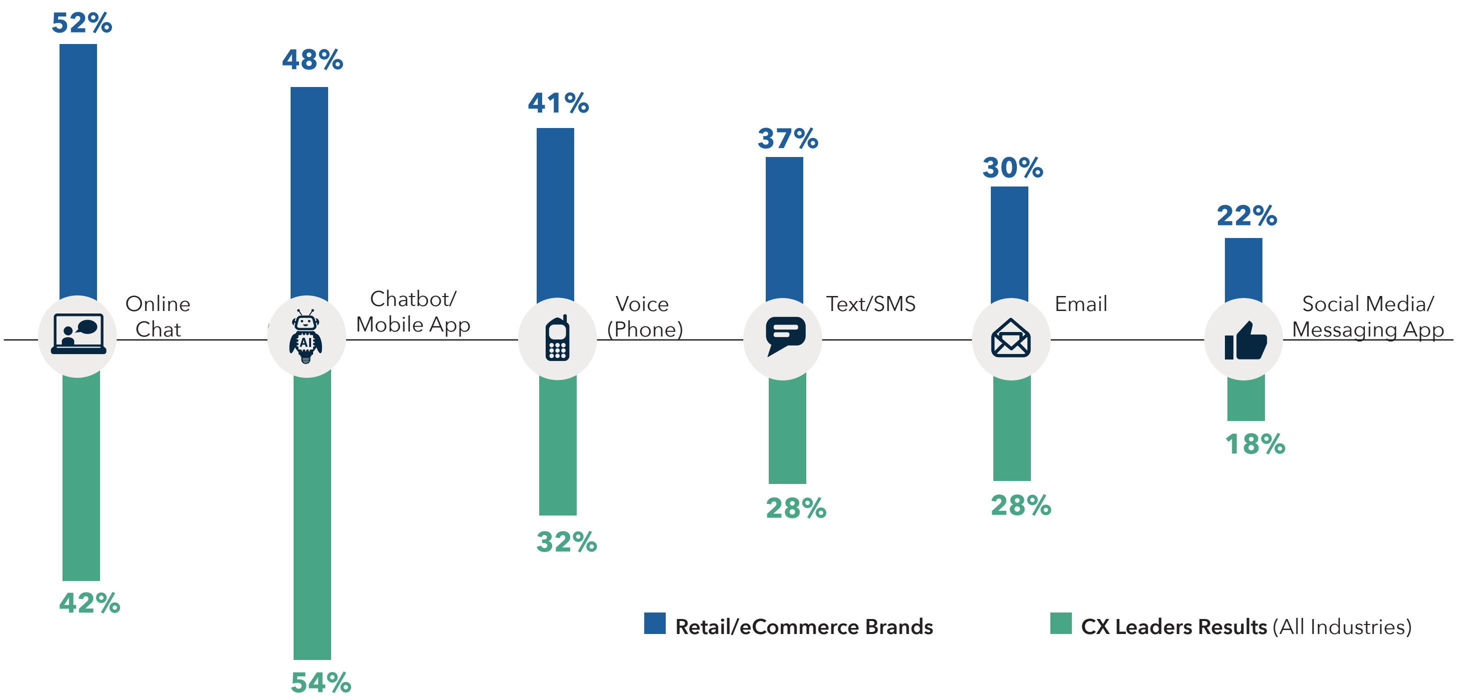
USE OF AI IN CX

Consumers are generally accepting of Retail/eCommerce brands adopting this technology to create human-like experiences. Sentiment is heavily swayed by personal experience. The brands deploying AI-powered technologies today will dictate tomorrow's level of adoption, not only for their customers, but for consumers in general. Because of this, brands might take care in how they implement this technology, including the impact on the overall customer experience.

How do you feel about Retail/eCommerce companies creating more experiences and solutions powered by AI and designed to interact with customers in human-like ways?



In which channels are you deploying customer-facing or customer-supporting AI-powered solutions? (Select all that apply.)



METHODOLOGY

This report, *Experience & Loyalty Insights: A Research-Based Review – Retail & eCommerce*, was developed based on two distinct surveying projects: a multi-module, multi-cohort series of consumer surveys and a custom 38-question corporate survey, both delivered via the SurveyMonkey online surveying platform.

Consumer surveying occurred across four unique survey modules from March 17 through March 20, 2023, using SurveyMonkey Audience, a survey panel targeting platform. Sample sizes for individual questions ranged from 1,409 to 321. All respondents were U.S.-based individuals, ages 18 years or older.

Corporate surveying was conducted from March 22 through May 23, 2023. Private invitations to partake in the corporate survey were delivered by email to the Execs In The Know community and via promotion within Execs In The Know's private online community, Know It All. Invitations targeted CX leaders operating within the Retail/eCommerce vertical, primarily in the United States and Canada.

The corporate survey benefited from the participation of 54 CX leaders positioned at Retail/eCommerce organizations with annual revenues of $100 million or more. Individual question sample sizes ranged from 50 to 54 responses. See the "Operations and Performance" section of the report (page 43) for details that help describe the size and scope of the companies that participated in corporate surveying in support of this research project.

ABOUT
EXECS IN THE KNOW

Execs In The Know brings together customer experience (CX) leaders from across industries in an effort to advance the conversation and set a new agenda for delivering amazing experiences for consumers. As a global community of the brightest minds in CX, Execs In The Know provides opportunities to learn, share, network, and engage to innovate. Operating under the motto, "Leaders Learning From Leaders," Execs In The Know facilitates many opportunities for community engagement, such as its bi-annual national Customer Response Summit and private, online community, Know It All "KIA." There are also exclusive, laser-focused engagements like industry briefings and executive roundtables. Execs In The Know also guides and informs the industry with a rich tapestry of CX-related content that includes CX Insight magazine, industry research, webinars, blogs, and much more.

To learn more about Execs In The Know, visit www.execsintheknow.com.

ABOUT
CONDUENT

Conduent delivers digital business solutions and services spanning the commercial, government and transportation spectrum — creating exceptional outcomes for its clients and the millions of people who count on them. The company leverages cloud computing, artificial intelligence, machine learning, automation and advanced analytics to deliver mission-critical solutions. Through a dedicated global team of approximately 60,000 associates, process expertise and advanced technologies, Conduent solutions and services digitally transform its clients' operations to enhance customer experiences, improve performance, increase efficiencies and reduce costs. Conduent adds momentum to its clients' missions in many ways, including delivering 43% of nutrition assistance payments in the U.S., enabling 1.3 billion customer service interactions annually, empowering millions of employees through HR services every year and processing nearly 12 million tolling transactions every day.

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